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San Francisco Bay Maritime History Series

Thomas B. Crowley

Crowley Maritime Corporation: San Francisco Bay Tugboats  
to International Transportation Fleet

An Interview Conducted by  
Miriam Feingold Stein  
1973 - 1975

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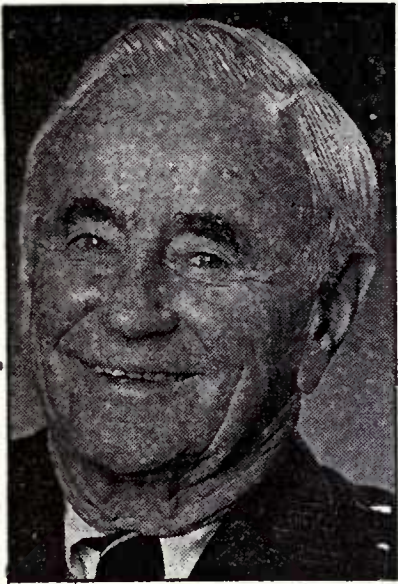




THOMAS B. CROWLEY  
MARCH 1979







**THOMAS CROWLEY**  
San Francisco's 'tugboat king'

## Thomas Crowley — Head of S.F. Maritime Empire

Thomas B. Crowley Sr., chairman of a 400-vessel maritime empire and a fixture on the San Francisco waterfront for 61 years, died yesterday of prostate cancer at the University of California Medical Center in San Francisco. He was 79.

Mr. Crowley, who was also the chief executive officer of the privately held Crowley Maritime Corporation, inherited the company founded in San Francisco in 1892 by his father, Thomas.

Known as the tugboat king for the familiar fleet of Red Stack tugs on San Francisco Bay, Mr. Crowley was a tough and highly respected old-time businessman, full of stories about the sea and often unsentimental about them.

"They talk about the romance of the sea, the romance of this and that," he told a Chronicle reporter in 1991. "I think that is a lot of bulls---."

His worldwide empire, valued at \$1.2 billion, employed 5,000 workers and included ships, sightseeing boats, ferries, tugs and even a special barge built to carry molasses. On San Francisco Bay, Mr. Crowley vessels moved as much as 1 million barrels of oil a month from large tankers to refineries.

Even in his later years he was known as "Young Tom," in deference to his father, who founded the operation by paddling out in a rowboat with supplies to meet arriving tall ships.

In 1991, Mr. Crowley closed the last two big shipyards on the Oakland Estuary, maintaining that they were no longer profitable and that there were too few tugs and barges to keep the shipyards open.

"There is just no work any more to support the shipyard," he said at the time. "So why continue to lose money with it? It's a tough cracker. What am I supposed to do, sell the company? Who the hell would buy it? You can't sell a tugboat company."

Mr. Crowley's most visible operation on San Francisco Bay was the Red and White fleet, a 10-vessel armada of sightseeing boats and ferries and the largest passenger service on the bay. From its headquarters at Fisherman's Wharf, the fleet carries 2.5 million passengers a year to Alcatraz, Sausalito, Tiburon, Angel Island, Vallejo and around the bay on hour-long sightseeing cruises.

### Bridge District Feud

Mr. Crowley frequently came broadside to broadside with the ferries operated by the Golden Gate Bridge district, which he viewed with contempt. He engaged in a pointed, well-publicized dispute with the district over ferry docking rights in Sausalito.

"Golden Gate," he once said, "threw \$50 million in government funds down a rat hole."

Union leaders regarded Mr. Crowley as a tough but fair employer.

"I always thought he was a good guy to deal with," recalled Paul Dempster, past president of the Sailors Union of the Pacific. "He didn't give you nothing but he'd work with you, and you'd come up with a happy conclusion."

From childhood, Mr. Crowley knew he would inherit the family business. He said he "never wanted anything else."

### On-Job Education

He left Stanford University in 1933 before completing his degree, preferring the education he would receive aboard ship and in his father's office. He assumed the leadership of the company in 1970, upon the death of his father, and managed its expansion into an international firm doing business in the Mideast, Southeast Asia, South America and the Caribbean.

"Mr. Crowley was known industrywide for his business acumen, his spirit of taking on challenges, and his pride in the capabilities of his employees and companies," said a statement released by the company.

Under the leadership of father and son, the company pioneered petroleum barge service on the Pacific Coast and performed the first commercial resupply of the government's Distant Early Warning Line installations in the Arctic. In the 1970s and 1980s, the company began providing barge services between the East Coast and the Caribbean and liner services to Central and South America. Throughout his long career, Mr. Crowley tirelessly promoted U.S. shipping.

Its numerous business lines are conducted through two major operating units: Crowley American Transport Inc., based in Jacksonville, Fla., and Crowley Marine Services Inc., based in Seattle.

### Awards

In 1970, the U.S. secretary of Defense awarded him the National Defense Transportation Award. Earlier this year, he received the Coast Guard Foundation's Distinguished Service award.

Mr. Crowley was a member of the American Bureau of Shipping and the trustee chairman of the Ralph K. Davies Medical Center. He was a past board member of the American Institute of Merchant Shipping, the American Waterways Operators and the National Ocean Industries Association.

Surviving are his wife, Molly; his son, Thomas B. Crowley, Jr., president and chief operating officer of Crowley Maritime Corp.; and his daughter, Adrienne Crowley of Pleasant Hill.

Funeral services will be held Monday at 3 p.m. at St. Ignatius Church, Parker and Fulton streets, San Francisco.

Steve Rubenstein



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## PREFACE

## San Francisco Bay Maritime History Series

The following interview is one of a series of tape-recorded recollections devoted to the history of San Francisco Bay in the first half of the twentieth century. This was an especially colorful, active period of momentous technological and sociological change in American maritime affairs, and San Francisco Bay reflected the period well. For the economic historian, the reminiscences illustrate the changes in San Francisco Bay that took place in response to worldwide maritime conditions and to changes in California; for the maritime buff, they are full of the bustle, color and variegated characters of a lively shipping port serving deep-water, coastwise, and river and bay traffic.

Thanks are extended to the Crowley Launch and Tug Company for permission to research in their extensive scrapbook collection and for the help and advice given by members of the firm over the years that the series has been in progress. Our gratitude also to the staff of the San Francisco Maritime Museum for the use of their historical documentation and for their help in checking out names, dates, and facts.

The Regional Oral History Office was established to tape record autobiographical interviews with persons prominent in the history of California and the West. The Office is under the administrative supervision of James D. Hart, director of The Bancroft Library.

Willa K. Baum  
Division Head  
Regional Oral History Office

1 June 1983  
Regional Oral History Office  
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San Francisco Bay Maritime History Series

Thomas Crowley, Recollections of the San Francisco Waterfront, 1967.

Thomas B. Crowley, Crowley Maritime Corporation: San Francisco Bay Tugboats to International Transportation Fleet, 1983.

Captain William Figari, San Francisco Bay and Waterfront, 1900-1965, 1969.

Captain William J. McGillivray, Tugboats and Boatmen of California, 1906-1970, 1971.

Captain Ernest W. Winther, Observations of San Francisco Bay From 1900-1971, 1972.

## INTRODUCTION

In 1963 Mrs. Willa Baum from the Regional Oral History Office telephoned to inquire if my father Thomas Crowley would be interested in giving an interview to be taped. After consulting with my brother and sister I approached my father with the idea and to my delight he reacted with enthusiasm. This request came at a perfect time in his life as he had the desire to reminisce at leisure. Oral history interviews benefit the questioner and the subject as well, often the two become sympathetic friends.

Our family was pleased to have an invaluable record of a life we knew to be colorful and unique in its successes.

Ten years after the first interview the oral history office persuaded my brother Thomas B. Crowley to record his memories on tape. Though he was busy, he subsequently recorded an extensive recollection.

My purpose here is to introduce in a small way each of these personalities as I knew and loved them. Thomas Crowley, my father, died at age ninety-three, and Thomas B. Crowley, my brother, is a very vigorous and active sixty-eight-year-old today.

My father was a gregarious, forceful, and charming man. He was opinionated without being pedantic, warm to human needs, stubborn with adversaries, and uniquely interesting to the opposite sex. His sense of humor and vibrant personality kept him in constant demand at his many clubs and on the golf course, but business was his great love. Vacations were never a means to relax for him, but travel to a foreign country was appealing. A man with very little formal education, he was extremely well read in areas of history and literature. Some of his favorite books were Rise and Fall of the Roman Empire, The Autobiography of Pulitzer, and all of Dickens and Shakespeare. He had endless intellectual curiosity and believed one should constantly try to improve oneself whether it was speech or manner. He never hesitated to criticize; with a knack for frankness he could also be very prejudiced.

Newspapers were a very important means of communication for the tour boat business, so many of Dad's cronies were reporters on the Call Bulletin and Chronicle. Among the names I remember were Coblentz, Gleason, Annie Laurie. On his frequent trips to New York he often stayed at the Lambs Club, an all-male sanctuary for writers. A woman writer was a rarity and he grew to know Mrs. William Brown Mahony, publisher of the Washington Post, and admired her tremendously. With his gregarious ways he also enjoyed politicking in Washington, D.C.

One of the mainstays of the Crowley Launch & Tugboat Co. was Dad's secretary Miss Marie Carey. She was an imposing woman who seemed six feet tall (she was about 5'6") and she ran the payroll with an iron hand, giving

the men free advice as she doled it out. In the days when red nail polish was only worn by women of a shady type, Miss Carey shocked everyone by wearing brilliant red polish completely out of character with her severe manner.

Tom, my brother, has always been studious and knowledgeable, though a somewhat shy person. Fascinated by physics and astronomy, he would have made an excellent research scientist. My father was careful to nurture Tom's interests but emphasized the business was to be his sole career. Tom's interest in mathematics prepared him well for the computer age and the very latest of high tech equipment has been used at Crowley Maritime Corporation under Tom's management. Industrious, efficient, disciplined, brilliant--all those adjectives would apply to him, giving his father cause to be very proud of the results.

Tom was able to balance his life with outside interests like skiing and flying so business wasn't quite the strain it was for Dad.

Constance Crowley Bowles

March 1983  
San Francisco, California

## INTERVIEW HISTORY

The San Francisco Bay Maritime History Series began with an oral history of Thomas Crowley, Whitehall boatman and founder of Crowley Launch and Tug, which became the dominant tug and water transport company on the Pacific Coast. Thomas B. Crowley takes up the story where his father left off.

Under the umbrella organization called Crowley Maritime Corporation, Thomas B. Crowley has expanded the business established by his father into a fleet of 200 tugs and 400 barges which provide transport services from the Caribbean to the Mediterranean, and from the Persian Gulf to the Philippines as well as major domestic ports on the West and Gulf Coasts. Crowley Maritime also runs tourist boats to Alcatraz, Angel, and Catalina Islands, has the largest trucking fleet in Saudi Arabia, a construction company in Alaska, and drills for oil in the Java Sea.

Mr. Crowley was first asked to participate in the project in January 1969. The intention was to record his comments on the changes in the San Francisco waterfront, and the developments in the various Crowley businesses. However, Mr. Crowley, occupied with the waterfront strike of 1969, declined. He also replied that he was not really interested in the distant past. He was approached again in 1971. A third and successful attempt to involve Mr. Crowley in the project came from Willa Baum, division head of the Regional Oral History Office, in March of 1973. She invited him to be interviewed, while assuring him that the Office was not interested exclusively in the distant past, but is also concerned with the recent past and the present.

When the letter arrived, Mr. Crowley was laid up with an injured leg from a skiing accident. Forced to slow down from his hectic schedule, Mr. Crowley agreed to be interviewed. Interview research and planning were brought into full swing by Miriam Stein, who met with Mr. Crowley to outline the procedures and topics of the interviews. Seven interviews were conducted by Ms. Stein between April and June of 1973. Mr. John Jenkins, who started with the Crowley enterprises in 1920, participated in the first interview.

Ms. Stein recorded the sessions at Mr. Crowley's office on Pier 50, overlooking San Francisco Bay with a view of the Bay Bridge and downtown buildings. The office was filled with sea memorabilia--models of sailing vessels, an old sea lantern, and photographs of tugs. Ms. Stein recalled Mr. Crowley as an energetic, wiry man with grey-white hair, blue eyes, and his leg in a cast.

The interviews covered numerous topics including the Crowley enterprises in San Francisco Bay, in San Pedro, and Puget Sound; servicing Prudhoe Bay and the Alaska pipeline; labor relations; and government regulations and assistance. The eighth and final interview took place on April 1, 1975.

The first two chapters of the transcript were sent to Mr. Crowley for review on July 24, 1975 as a prerequisite to final typing. Two years later, the Regional Oral History Office was still attempting to get the corrected transcript back. In the interim, Mr. Crowley had been occupied with company business, traveling extensively, and spending time with his young daughter, hospitalized following a serious accident. Mr. Crowley's schedule continued to be too heavy to allow for the usual review procedure. In 1980, a plan was worked out between Regional Oral History Office editor, Catherine Scholten, and Mr. Crowley's executive secretary, Joanna DeMaris, for only the most crucial and otherwise uncheckable questions to be referred to Mr. Crowley through Ms. DeMaris. The user is advised that there may be errors of facts or misspellings of names since Mr. Crowley did not review the manuscript personally.

Introduction and photos were provided by Mrs. Bowles, daughter of Tom Crowley and sister of Thomas B. Crowley, and a co-shareholder in Crowley Maritime Corporation.

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I SHIPOWNERS AND MERCHANTS TUGBOAT COMPANY AND CROWLEY LAUNCH  
AND TUGBOAT COMPANY

[Interview 1: April 6, 1973]

The Original Shipowners and Merchants Tugboat Company

Feingold: You were telling me a little bit last week about Shipowners and Merchants, and I wonder if you could tell me the story again.

Crowley: Prior to 1883 the major tugboat company in the port of San Francisco was run by Captain Millen Griffiths. He was referred to as "Old Grif" and was thought to be quite a pirate. He would have his tugs cruising out on station outside the [Golden] Gate so that when a sailing ship showed up, they would offer a tow to bring the ship into the harbor. If the ship got too close to shore with no wind and was in danger of drifting ashore, he would charge them an exorbitant price, and if the ship was well off shore and could possibly sail in the Bay, he would charge a very cheap price.

He followed the same policy when it came to competition. When there was competition in the Bay, he would charge very cheap prices until he stifled or bought out the competition and then he would charge exorbitant prices after that.

There was an old story that he had a big reciprocating steam pump sitting on the dock that he used to rent out for emergency pumping of vessels. One Sunday a vessel got into trouble and the owners could not find Captain Griffiths, so they took his steam pump and pumped their vessel out. They came in on Monday and told him that they appreciated the use of the pump, and he said that they took it without him knowing anything about it. He said, "That's perfectly all right. I'll send you a bill." And he sent a bill for \$25,000 for rental of the pump.

Feingold: He certainly was a pirate.

Crowley: The various shipowners and different merchants in San Francisco got fed up on this sort of treatment and finally decided, in 1883, to form a company called the Shipowners and Merchants Tugboat Company, which would have a fairly widely held stock ownership by various shipowners and merchants in San Francisco, to render an efficient, economical and long-term service to the port. This company was promoted by a large group, but the most important one of the group was William Babcock who was also president of the San Francisco Drydock Company, which originally built the first graving dock at Hunters Point. He had the foresight to notice the foundation structure of Hunters Point and the deep water adjacent thereto, which is most unusual in San Francisco Bay, and started the San Francisco Drydock Company and built this graving dock.

Feingold: Now what's a graving dock?

Crowley: A graving dock is a dock that is dug into the land with a floating gate to close off the sea and then the water pumped out. A ship that is to be dry-docked is put into the graving dock while it is flooded with the gate out of place; then the gate is flooded into place, set in place, and the water pumped out of the dock.

Feingold: It operates like a lock, then.

Crowley: Yes, quite similar to a lock, only it can be pumped completely dry so that underwater work can be done on a vessel. This graving dock was later bought by Charles Schwab of the Bethlehem Steel Company and they installed a second graving dock at Hunters Point. These two docks were later bought by the navy, and this was the beginning of the San Francisco Bay Naval Shipyard.

[consults the company's first minute book] Getting back to the Shipowners and Merchants Tugboat Company, the original meeting was held on April 27, 1882. A Mr. Hopkins was president, Mr. Cheeseborough secretary. A Mr. Crawford and Mr. Babcock, Mr. McNear and Mr. Balfour were all present. The first nine directors were McNear, Kentfield, Meyer, Balfour, Crawford, Cheeseborough, Bomeister, Blair, Babcock. [these names may be spelled incorrectly]

Feingold: Was it usual at that time to have so many directors?

Crowley: A company would have nine directors, depending upon the ownership of the company. If a company was fairly widely held by a group of say a dozen people getting together, and they all have an eighth of the company, you'd probably have twelve directors. That's not unusual.

Feingold: Then all these people owned a part of the company?



Crowley: Yes. Subscriptions for 505 shares were made; and a committee of Meyer and Balfour were appointed to confer with the foreign shipowners, and Knowles and Cheeseborough with the American shipowners. It was all kind of a mutual sort of a thing.

As of June 26, 1882, another meeting was held. There were 1,815 shares subscribed to at that time. How much do you want me to go on in connection with this Shipowners and Merchants Tugboat Company?

Feingold: Well, I don't know if it's necessary to read that into the tape. Perhaps at some point that might be a nice addition to the maritime collection, or at least we can put it in an appendix and refer people to it, and say that it's at your office.

When did the company build its first tug?

Crowley: [looking through the minute book] That's what I'm looking for. On the 14th of July, 1882, the company sent out specifications to the Risdon Iron Works and others to build a boat for them similar to the wooden steam tug Rescue and similar to the wooden steam tug Wizard that were then in existence.

Feingold: Just as an aside, how do they name tugs?

Crowley: Well, the Shipowners and Merchants Tugboat Company traditionally named their tugs--I believe their first tug was the Sea Witch. They named them Sea Witch, Sea Lark, Sea Queen, Sea Prince, Sea Fox, and so on, but all with a "Sea" preceding it. The company still continues to name its tugs on that basis. The last two tugs the company built were the Sea Flyer and the Sea Swift in 1970.

Probably there are some people that withdrew and some more that came in, and it changed around quite a bit. [referring to minute book] Oh, here is a meeting mentioned: on August 9, 1882, a meeting was held at which was considerable discussion on the possibility of buying out Goodall, Perkins & Company's towboat company as an alternative to building a new tug. A committee was named to confer with Captain Griffiths and Messrs. Goodall, Perkins and company and report as early as possible as to the practicality of a satisfactory arrangement with those gentlemen.

At a meeting on August 14, 1882, a proposal was read into the minutes signed by Millen Griffiths to sell the steam tugs for which we had the agency for \$310,000. These were the tugs Monarch, Rescue, Wizard, Neptune, Etna, Katie, Lookout and Water Witch. Then they decided to approach Captain Griffiths with a definite proposal to pay him \$250,000, part in stock and part in cash, for his tugboats and contracts, with an engagement on his part not to re-enter the business for three years.

Crowley: At another meeting on August 25, 1882, Captain Griffiths turned them down saying he had made a satisfactory number of contracts and secured all the business he wanted, so would not sell them his tugs. So the company proposed to give a contract with Messrs. Hinckley, Spires and Hayes for building a new tugboat. [these names may be spelled incorrectly]

Feingold: Was that the Sea Witch?

Crowley: I think it was but let me look and make sure. [reading minute book] This makes very interesting reading here, all the problems of starting a new tugboat company. Here's an item here of interest: on Wednesday, August 30th, 1882, Mr. Staples responded that as far as Firemen's Fund Insurance Company, which he represented as a stockholder in the Shipowners and Merchants Tugboat Company, was concerned, they would be quite satisfied to go on with the business as a corporation, where no direct profit should be earned on the principal. The benefits given the shipping interests of this port by organized opposition to the tugboat monopoly hitherto existing would more than compensate any money risk involved in supporting the corporation. I think some of them blew hot and cold about it.

Feingold: Well, it sounds like they were taking risks.

Crowley: Oh yes. They were taking terrible risks because they were bucking up against this fairly unscrupulous guy who knew the game from A to Z and had a whole fleet of tugs and could give them a pretty rough time.

Feingold: Your father was not a member of this group; he came later.

Crowley: He was only born in 1875. He was eight years old when this was happening.

You asked about the name. At a meeting on February 14, 1883, the president suggested naming the company boats as early as possible for the information of shipowners so that a circular may be issued. And so they named a committee of two to suggest a list of nine names from which the new boats be named, and a distinctive style of coloring for the smokestack, and to report as early as possible. They authorized Tug Cordage Company to make some hawsers to use on the boats. The Sea King was the first tug. Captain Galloway had been elected to command the vessel, now being finished by Hinckley, Spires and Hayes for the company, at a salary of \$125 per month, and board, or \$150 per month without board.

Feingold: I wonder how that rated in the salaries of the day?

Crowley: Oh, that was pretty good.

[reading from minute book] "Identical motion carried in favor of Captain Lucky," substituting tug Sea Witch, now building by William Deakin, for the Sea King. Apparently they built the Sea Witch and the Sea King at about the same time. I thought the Sea Witch was the first one, and the King the second.

Feingold: Were they the ones who made the decision to paint the smokestacks red?

Crowley: Yes. The regular meetings of the board of directors were held in the office of Balfour, Guthrie and Company. Balfour Guthrie is a British company for shipowners and what not, and they had agents out here. In fact, Balfour, Guthrie did a lot of financing of early California farming and were quite prominent in California. Balfour, Guthrie's headquarters in California were just west of Antioch. I forget the name of that town. They had very extensive farming interests in California. They were headed up in Great Britain, with British capital.

There are comments here about Mr. Page wanting remuneration for services to the company, and they here decided to give Mr. Page \$400 for the year. This Mr. Page I think was the Page that was finally president of Fireman's Fund. His son John Page is now head of General Steamship Company. [looking through minute book] Yes. Charles Page, attorney for the company. Now he may be the grandfather of John Page, I don't know. Charles Page was connected with the company up until 1918. John Page told me about some kind of hooking he got from the company--I don't know what it was all about. Jack Page would be very much interested in reading this; I'll take him to lunch one of these days.

Feingold: Yes, that would be interesting to check out.

Crowley: Charlie Page, Jack Page's father, was president of the Fireman's Fund Insurance Company. So much for that.

Here's a meeting on May 9, 1884, where they have authorized John H. Dialog [name may be misspelled] of Camden, New Jersey, to build them a boat. Dialog was the foremost tug builder in the United States. This was [to be] their first iron tugboat. The Sea King and the Sea Witch had been wooden tugboats.

Oh, here we are. [reading from minute book] At a meeting on March 18, 1884, Captain Redmund and Captain Gray were called in to consult. After some conversation with Messrs. Redmund and Gray about the [inaudible] most suitable for a new tugboat for the company and also about the value and suitability of the tugboat Escort #2 for the company's work, Captain Redmund was instructed by a motion to get a model with specifications of all the machinery.

Thomas Crowley, Sr., Crowley Launch and Tug, and Shipowners and Merchants

Crowley: This is the first notice that I have of Captain Gray, who later joined the company and became the general manager. Captain Gray ran the company under the direction of the board of directors and William Babcock up until 1918 when a new syndicate with my father came in and bought them out.

The buy-out was occasioned by the fact that William Babcock had died somewhere around 1915 and his estate wanted to settle up various matters. Also the company had made a great deal of money during World War I, and they wanted to get their money out of the company. So that's why they sold the tugs to the new Shipowners and Merchants Tugboat Company, started in 1918, which my father was interested in.

Feingold: Had your father already been in the tugboat business?

Crowley: Yes. My father had a whitehall boat and he'd been into whitehall boats since he was old enough to get in a boat I guess, about 1887 or so, up until 1898 when he built his first gasoline-powered boat, Jenny C. This was the start of the Crowley Launch and Tugboat Company. He first started a partnership, I believe, by the name of Crowley Brothers, and then later on incorporated the Crowley Launch and Tugboat Company.

[requests Crowley Launch and Tugboat Company minute book]

The Crowley Launch and Tugboat Company engaged in the tugboat business with launches and tugboats prior to the 1918 takeover [of Shipowners and Merchants]. In fact, the first large steam tug that the Crowley Launch and Tugboat Company had was the H.H. Buhne. It was built by one of the early settlers of Eureka in Humboldt Bay; in fact, the boat was built in Humboldt Bay. It was a wooden steam tug.

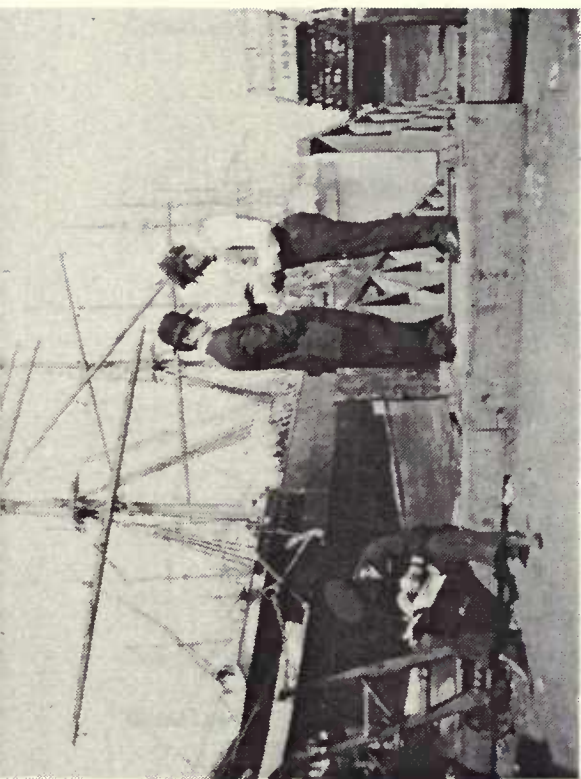
[interruption]

Feingold: You were talking about the tug that was built in--

Crowley: Oh, the H.H. Buhne, the steam tug, was built in Humboldt Bay. I think she was built in 1863 or something like that--way back. That was the first steam tug that my father had. He operated it out of Crowley Launch and Tugboat Company. There was also another steam tug, the Priscilla, that he had. These were somewhat competing with Shipowners and Merchants Tugboat Company up until 1918.

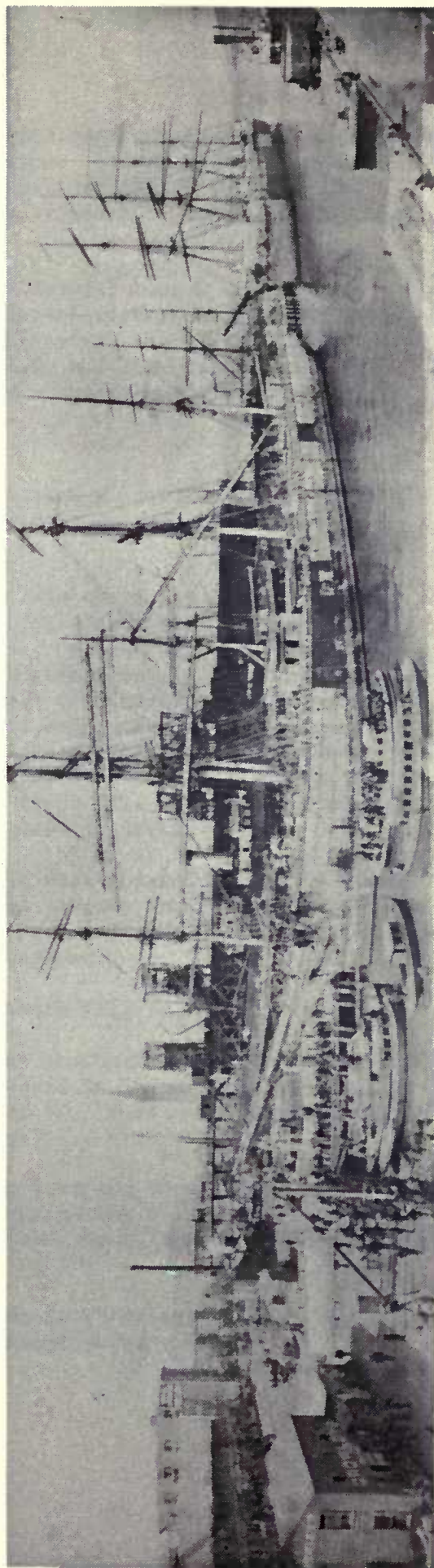
Feingold: These were wooden tugs also?





Tom and Dave Crowley inspect a roll of tickets for their launch service at Vallejo St. wharf, c. 1905.

*Both photographs courtesy of the San Francisco Maritime Museum*



Picture of northside of Pier 25, c. 1910. Vallejo Street wharf had coal bunkers on northside. Crowley Brothers and Bill Clark boat houses were on bulkhead between Vallejo St. and Green St. wharf.



Crowley: Yes. These were all wooden tugs with scotch boilers and a compound reciprocating condensing steam engine. [refers to minute book] The Sea Wolf was built in 1869, and according to this she was built in San Francisco. She was built for H.H. Buhne, a prominent merchant up there in Eureka.

We had been talking about the Crowley Launch and Tugboat Company. These are partly the original minutes written in longhand by Kevin Turner, who is a very interesting character, an old guy who was a certified public accountant and then went into coffee roasting business and was a friend of my father's for many years.

Feingold: Did you know him?

Crowley: Yes. I knew him well. He used to have a little coffee roasting plant up here on--that street that goes up and curves around, right up here.

Now this shows the meeting on the third day of March, 1924, Pier 14. So this is not the original minute book of the company. "The annual meeting of stockholders, written on, etc." Well, this doesn't give us any really early information. I don't remember; maybe Mr. Jenkins remembers the year Crowley Launch and Tugboat Company was started. [confers with John Jenkins in adjoining office] Crowley Brothers was a partnership started in 1890--something or other, and then the Crowley Launch and Tugboat Company was incorporated March 8, 1906. The stockholders were Thomas Crowley, David Crowley and John L. Crowley.

[John Jenkins enters] This is Miss Feingold; this is Mr. Jenkins. Mr. Jenkins came with the company in 1920, so he has a better familiarity with it than I have. [to Mr. Jenkins] I just thought you might want to kick it around.

Feingold: That's a very good idea. You can both fill in the gaps.

Crowley: I was explaining how the Shipowners and Merchants Tugboat Company got started and how Dad got interested in Shipowners and Merchants in 1918. And then we switched over to, "Well, when did he start Crowley Launch and Tugboat Company?"

He started in the whitehall boats; and then in 1889 the first boat with an internal combustion engine was the Jenny C. What year was that, do you know? That was about 1898 or something like that?

Jenkins: It could have been 1897 or 8--along in there somewhere. You should have another minute book around here.

Crowley: Yes. I can't find the other minute book. This one only goes back to 1920.

Feingold: Was that Jenny C the initial "C" or Sea?

Crowley: The initial C, for Jenny Crowley which was my father's sister.

Feingold: In your father's interview it's spelled both ways.

Crowley: Well, my father probably stated in his interview what boats--was that the first boat he had, do you remember?

Jenkins: I think it is.

Crowley: Yes. Then they had some other boats, and so on. These Merchant Vessels of the United States show these old boats. This is 1918. Some of those boats might have still been around by that time. I don't know whether--Jenny C was probably gone by then.

Jenkins: I never did see the Jenny C myself.

Crowley: Well, she was probably gone by then. It's down on that blown up picture behind the receptionist's desk downstairs.

Feingold: Yes. It's hard to see the boat part, because the receptionist is sitting right in front of the boats. You can see the office.

Jenkins: Yes. Well, you can see the name of the boats. You can see Mr. Crowley standing on one of the boats.

Crowley: Well, anyway, the Jenny C was the first boat. Then, the first steam tug--that was the H.H. Buhne, wasn't it? They later named it the Sea Wolf. That was the first boat that Crowley Launch acquired, as far as a steam tug; and that was acquired sometime around 1910, I guess, 1908.

Jenkins: Before 1910, more like 1908.

Crowley: She was built in 1869 for H.H. Buhne in Humboldt Bay and he used her up there for years towing sailing ships. He had the H.H. Buhne Mercantile Company or something, and used to tow sailing ships into Humboldt Bay. Then my father bought her in about 1908. I presume it was after the fire because he never mentioned the steam tug being available during the earthquake and fire; it was mainly just launches.

Well, anyway, then the Crowley Launch and Tugboat Company, after they acquired the H.H. Buhne, also acquired the Priscilla. What other steam tug did they have, do you know?



Jenkins: The old Crowley 20 was never a steam tug, was she?

Crowley: No, she was the Christopher Columbus, a fish boat built in 1898. She was the Christopher Columbus owned by Paladini, or something like that. When they bought her they took the steam plant out of her and put a diesel in her. That was sometime in the late twenties, I'd say about 1927 or so--

Jenkins: I thought it was a little before that, around 1925.

Crowley: Maybe it was. Well, the only steam tugs I remember are the Priscilla and the H.H. Buhne. Then he bought the Shipowners and Merchants Tugboat Company in 1918.

When did they buy Harvey and Roberts' water boat? She was called the Water Witch or the Water Queen--what was her name? It was Harvey and Roberts' barge originally; it was a cement barge that used to take water around to the ships.

Then the little steam tug--Water Nymph was her name. She was a water boat; she ran around here for many years delivering water to ships in the stream. [looking through book] Water Nymph was built in 1881 and she carried water out to the ships for an outfit called Harvey and Roberts which my father bought in about '27 or '26, something like that. Did Crowley Launch buy that?

Jenkins: Yes. Crowley Launch.

Crowley: It'd be in the Crowley Launch minutes then I guess.

Jenkins: You may not find it. Turner probably wrote it up.

Crowley: Well, are you interested in that?

Feingold: Well, if it's in the minute books, it's something we can look up later, or someone could always refer to the minute book.

Crowley: Well, getting on with the history of the company, Shipowners and Merchants Tugboat Company operated after 1918 in competition with the Henry C. Peterson Company and the Rolph Navigation and Coal Company. They also had steam tugs on the Bay. Then in the late '20s--

Feingold: Just a minute. Is that the Rolph of Mayor Rolph? Is that his company?

Crowley: Yes. In the late '20s and the early '30s, when the Depression hit, Shipowners and Merchants Tugboat Company chartered the tugs of Rolph Navigation and Improvement Company and the tugs of Henry C.

Crowley: Peterson and Company and laid them up, but operated the remaining fleet of steam tugs on a revenue-sharing basis until the mid '30s when those tugs were returned to their owners and Shipowners just operated their own tugs from there on in.

Shipowners also competed with the Bay and Ocean Towing Company which was started in about 1934. They operated a diesel tug Rustler. The Bay and Ocean Towing Company operated the Rustler and the Kadiak, which was an old wooden steam tug that had been a cannery tender of the Alaska Packers and was operated in '34 and '35 by Bay and Ocean Towing Company.

They went broke, and the California Towing Company was formed. They brought an old tug by the name of Sunshine and another one by the name of the Sunbeam out of the East Coast, and they operated for three or four years and went broke also.

Feingold: Who took over their tugs?

Crowley: They were scrapped. They were junk anyway. They were steel tugs that had outlived their usefulness on the East Coast and were brought to the West Coast by a fellow named Tom Cleverton who is an insurance broker uptown; and he talked a guy by the name of Lloyd, a retired businessman--I forget what business he's been in--but Lloyd invested his life savings in the tugboat business and Cleverton cleverly lost them.

Feingold: Living up to his name.

Crowley: Then the war period came along. Just prior to the war period, in 1939, Britain was attacked, and the pride of the Shipowners and Merchants tugboat fleet, the tug Sea Giant, former navy tug U.S.S. Kondecook [name may be spelled incorrectly], was purchased by the Ocean Towing and Salvage Company of London, England, and was taken back to England. Sea Giant was at Dunkirk and various other activities. She miraculously lasted all during the war. They never bombed her or sunk her or anything. They finally scrapped her after World War II.

She was a very powerful tug, a very fine tug built by the navy shortly after World War I, and Shipowners purchased her in the '30s because the navy had decided to overhaul the engine and the boilers and they'd taken all the engine apart; and then they decided half way through that they didn't have enough money to finish the job. So they dumped all the spare parts in the hold of the boat and sold her up at Mare Island.

Crowley: We bought her and took her down to the shipyard, took all the parts out and put her back together again. We put a new oil burning system in that would enable her to burn oil better and deliver more power. She was a very powerful steam tug.

Shipowners and Merchants Towboat Company, Ltd.

Feingold: In the notes that you wrote up on the Shipowners and Merchants you said that in 1929 the Shipowners and Merchants Towboat Company, Limited was formed.

Crowley: Yes. Well, let me go back, because I'd forgotten that. After 1918, the Shipowners and Merchants Tugboat Company continued on. At the end of World War II, there were four large wooden tugs under construction over at the Stone Shipyard in Oakland. They were being built by the U.S. Shipping Board.

The Shipowners and Merchants Tugboat Company decided to buy them in order to give them some good, powerful, large ocean-going steam tugs and also to prevent somebody else from getting them. So, they bought them and completed those four tugs at Stone Shipyard; and those were named the Sea Monarch, the Sea Lion, the Sea Ranger, and the Sea Scout. Those were 150 foot tugs with a thousand horsepower steam engine with two [inaudible] boilers in them. They performed excellent work through the '20s and '30s and they were requisitioned by the government at World War II and taken over by the federal government.

The Sea Monarch was sunk in 1924 on Puget Sound in collision with a French steamer. In 1926 or '27 the tug Sea Lion was lashed up to an Isthmian Line ship going up Oakland Estuary with Captain Eddy Groper on the bridge of the ship handling the job. Captain Eddy Groper was the tugboat captain. The bridge tender on the Webster Street swing bridge across Oakland Estuary, between Oakland and Alameda, got confused and started to close or open the bridge, and the ship ran into it and knocked the bridge off its foundation.

This was quite a catastrophe. The admiralty attorneys for the tugboat company recommended that a new corporation be formed and used as an operating company in order to limit the liability of the company that owned most of the assets, such as the tugs. So in 1929 a new company was formed with a capital of \$50,000 called Shipowners and Merchants Towboat Company, Ltd. This company bareboat chartered the tugs and operated those tugs from the old company.

Feingold: What does bareboat mean?

Crowley: Bareboat means--it's an admiralty expression meaning that you just charter the bareboat and you assume all the responsibilities, liabilities, and privileges accorded an owner under admiralty laws that prevail internationally and in the United States. One of the most important is the right of limitation of liability of a shipowner.

In other words, if some corporation operating a tugboat which they own or have bareboat chartered, if they can prove to the court that the tug is in a fit and seaworthy condition, manned with a competent crew, and the shipowner has used all due diligence to embark on the voyage with a seaworthy vessel, then if a catastrophe occurs to the vessel or others, the shipowner or the bareboat charter has the right of limiting his liability to the vessel in its damaged condition. If a tugboat goes out and is seaworthy at the commencement of her voyage and knocks down a bridge and causes millions of dollars worth of damage, the bareboat charter or owner of the tug can go into admiralty court and petition for a limitation of his liability to the value of the vessel in her damaged condition. This is very important in connection with operating a vessel.

This principle originated in Phoenician law whereby when a vessel embarked on a voyage the shipowner had no control over its actions after it left the dock; it was entirely up to the captain or crew on the vessel. So in order to encourage shipowners or people who build ships and engage in commerce, the Phoenicians decided that once the vessel embarked on the voyage, if she was originally seaworthy, then the owner had done everything he could to prevent an accident, and if an accident occurred, he should not be liable for all the damage. Just the vessel itself was liable in rem. This is peculiar to admiralty law and is completely different from civil law in the United States or any other country for that matter.

This principle was the purpose of the formation of Shipowners and Merchants Towboat Company, Limited--that if Shipowners and Merchants Towboat Company, Ltd. bareboat chartered the tugs from the old company and then operated them, and the tug embarked on a voyage but it was proven that she was not seaworthy and she could not get the right of limitation of liability, then the corporation would be liable. But only Shipowners and Merchants Towboat Company, Ltd., would be liable, because that was the company that bareboat chartered and operated the boat and had the right of liability under the bareboat charter. The Shipowners and Merchants Tugboat Company would be protected by the corporate liability of the Limited company.

Feingold: I see. You were saying that they operated through the '30s.



Crowley: Yes. The Limited Company continued to operate the boats and still does today. Then, after World War II, when the company was able to acquire a lot of tugs from war surplus, the company formed other subsidiary companies to the Shipowners and Merchants Tugboat Company which was Tug Sea Wolf, Inc. Tug Sea Lark, Inc., Tug Sea Prince, Inc., and Tug Sea Fox, Inc., each one of these corporations owning a boat in its own name and bareboat chartering that boat to the Limited Company preserving the limitations of liability.

Feingold: This limited the liability even further, didn't it?

Crowley: Well, the purpose of having all the separate corporations was that if the courts broke through the original seaworthiness doctrine of limitation of liability to the Shipowners and Merchants Towboat Company, Ltd., and then broke through the corporate limitation of liability to the owner of the tug, they could only get to Tug Sea Wolf, Inc., which was the owner of the tug. That made a further protection of the old company as far as liability on catastrophic accidents which could occur to tugboats engaged in a dangerous trade.

Some time later, in the late '40s or early '50s, Congress in its wisdom saw fit to give a \$25,000 surtax exemption--in other words, a lower tax for companies making less than \$25,000 a year profit--in the Internal Revenue Act. We discovered that, by Congress taking this tack, that these various tug-owning corporations that were started for a valid business purpose, became a substantial tax savings.

We were hounded to death, and we are still being hounded to death to this day, by the Bureau of Internal Revenue because they claim that we didn't form the corporations for a business purpose, but formed the corporations for a tax-evasion purpose. We said that is a little hard to understand, when the corporations were formed prior to Congress passing this provision of the income tax law. But logic, arguing with the Bureau of Internal Revenue, doesn't make any difference anyway.

Feingold: They unfortunately don't listen to anything.

Crowley: Well, they listen to things. In a tax case that we had that went from 1950 to 1962 on this very principle, they finally came to us and said, "Well, we're going to take you to tax court and it will cost you about \$200,000 in legal fees to defend it. So why don't you pay us the \$200,000 that you'll spend anyway and we'll let it go at that." So we said, "Well, we don't think that is a very valid principle of tax collection, and we don't think that our government should be so two-faced in their activities, but if that's what it's going to take to settle it, I'd guess we'd better settle it."

- Crowley: It's hard to believe that the Bureau of Internal Revenue and the federal government is so damned two-faced. You like to think of the government and the taxing as a fair system of taxing the citizens in accordance with the laws that are laid down by the Congress. But this is not the case.
- Feingold: It looks so obvious on the face of it, that these companies were formed before the law passed, and that any judge would take one look and throw the case out of court.
- Crowley: And they probably would have. But it would have cost us \$200,000 in legal fees to win our point. The Bureau admitted that, so they said, "Well, we'll settle it if you'll pay us your legal fees and then you won't have to go to the trouble of going to court."
- Feingold: They got you coming and going.

#### Buying Army and Navy Tugs

- Feingold: Well, getting back to Shipowners and Merchants, you mentioned that there were a number of tugs that were purchased from the navy. I wondered if there were any special arrangements in that or if one just purchases tugs from the navy as one would a private corporation.
- Crowley: The U.S.S. Kondekook that was sold by the navy in the early '30s was purchased under a public bid, public auction. The tugs sold after World War II were sold by the War Shipping Administration, which was an arm of the Department of Commerce. They had control of all the sale of war surplus marine equipment. These also were mostly sold under public bid. They were selling all kinds of equipment. Admiral Edmund J. Moran, who was at that time with the War Shipping Administration, was supervising the sale.

There were two types of tugboats that had been built by the army--well, there were many types, but two types that were interesting--and they were called the miki class and the miki-miki class. The miki-miki class was a wooden hull, diesel powered, twin screwed, twin engine tugboat, and the miki class was a single screw, single engine wooden hull tugboat. In our opinion, and the opinion of most of the tugboat people throughout the United States, the twin screw boat was definitely inferior to the single screw boat. It had the wrong type of engine, not as much power, and was not as desirable a boat.

Crowley: So when it came time to sell this class of boat, the War Shipping Administration put up for public bid--sealed bid--a miki-miki type tug. They received bids on it, the highest bid coming out at \$43,200. So they awarded the boat under that bid. Admiral Moran was getting sick and tired of going through all this rigamarole of bidding boats. So, he decided that if the miki-miki's were worth \$43,200, rather than putting out a lot more bids and going through all the red tape and expense, he would offer to the trade all the miki's and the miki-miki's at \$43,200.

We immediately grabbed four of the miki's and Puget Sound got two of them, at the \$43,200 price. We had been thinking that a fair bid would have been somewhere around \$80,000 apiece, but War Shipping made the mistake of putting a fixed price of \$43,200 on these tugs.

Feingold: Bargain day at the navy yard.

Crowley: Well, those were not navy tugs; those were army tugs. The army does a much better job of designing and building marine equipment than does the navy. Anybody in the tugboat business will tell you the same thing. When I say marine equipment, I really should say auxiliary marine equipment. I have no way of judging whether the navy's destroyers are worth a damn or not. But I do have a way of determining whether the navy's barges, tugs, gliders, vessels are any good and so does everybody else, and they can tell you that the navy's auxiliary equipment is usually lousy.

Jenkins: Wait till some admiral gets to read the book.

Crowley: Maybe I'd better not say that. The reason for that is that I suppose the best design brains in the navy are put on the most important vessels, which are the combat vessels, and the auxiliary equipment is left to the people further down the line as far as design is concerned.

As far as the army designs are concerned, the army has no naval architects, so they go out and they hire a commercial naval architect to design auxiliary equipment for them and they generally come out with a pretty good design.

Feingold: Was this Admiral Moran that you mentioned related to the Moran--

Crowley: He is the Moran Towing and Transportation. He was the Moran Towing and Transportation; he's retired now. Moran started way, way back in 1860-something. He's about the third generation. He's a very ingenious, intelligent, hard-working little guy. Although he was kind of on the outs with the rest of the family, and had only a small interest in the company, due to his superior acumen, intelligence, and ability he got to be head of the company.

Crowley: The Moran Towing and Transportation Company was in a bad way financially in the early '30s. Edmund Moran had the foresight to make a deal with General Motors who were trying then to market their new diesel engine, that they would build the tug and the diesel engine and he would pay them over seven years or when he could. So he built a lot of new equipment financed by General Motors in the early '30s; and by the time World War II came along, his company was in an excellent position. They profited by the increased activity with all these new tugs. If World War II hadn't come along, he may have gone bankrupt because he couldn't pay the debt on all these very expensive tugs, but as it was, it turned out he had miraculous foresight and intelligence.

#### Present Operations of Shipowners and Merchants

Feingold: Is Shipowners and Merchants still operating today?

Crowley: Oh, yes.

Feingold: What is its primary activity?

Crowley: Its primary activity is docking ships in the San Francisco Bay Area and towing them around the Bay. Shipowners and Merchants has large powerful steam tugs with tugboat captain pilots who go on the bridge of the ship and handle the ship and dock her. Whenever there's a difficult shipdocking job in San Francisco Bay it's always done by Shipowners and Merchants Tugboat Company.

Feingold: I see. Are those the Red Stack tugs?

Crowley: Yes. Their offices are in Pier 3; they have the tugs tied up there.

Now, Shipowners and Merchants Tugboat Company also owns six ocean-going tugs which are presently chartered to Puget Sound Tug and Barge Company for operation because early in 1969 Shipowners got faced with a very difficult labor situation in San Francisco Bay. It became apparent that they would be precluded from operating ocean-going tugs competitively. In order to beat this racket, Shipowners bareboat chartered its ocean-going tugs to Puget Sound Tug and Barge early in '69 and moved them out of the port. The company got tied up for nine months in June of 1969, but has never been able to get back into the coastwise and ocean towing because the labor agreements are so one-sided.

Feingold: Is this the Inland Boatmen?



Crowley: This is a combination of Master Mates and Pilots Local 40, Marine Engineers Beneficial Association, and the Inland Boatmen's Union. I must say that in the last year they have realized the error of their ways and we are now trying to cooperate with them to get some tugs operating out of San Francisco in ocean towing. But you don't change overnight, because you've got to develop customers and activities and so on.

Feingold: Had there been a number of other companies operating in the Bay who were able to maintain their operations even with the demands of the unions?

Crowley: When our strike occurred in June of 1969, the Murphy Pacific Salvage Company, which was run by Phil Murphy and his son Roger Murphy, decided that they could make a quick buck by getting some tugs, giving the union anything they wanted, and charging the customers deaf, dumb and blind. They picked up two tugs down in San Diego and four more small tugs on the Bay, and went to the unions and said, "Tell us what you want and we'll sign it and operate." They charged the shipowners approximately two to three times the rate that Shipowners and Merchants had previously been charging. They did make public statements that they were in the business to make a fast buck.

Unfortunately, they were not too well run, and after Shipowners and Merchants Tugboat Company finally got back in operations after nine months, the company put back in effect its tariff existing before the strike, and Murphy Pacific Salvage Company immediately reduced their rates to the same level. After a total of thirteen months of operation, it was announced at the annual meeting of the Murphy Pacific Salvage Company that they had lost \$540,000 in their thirteen months of operation, including the strike, and had decided to terminate all their tugboat activities. They sold their tugs.

One of our companies--Oregon Coast Towing Company--bought the tugs, and later on Roger Murphy, son of Phil Murphy (who in the meantime had had a heart attack and died), started a company called Murphy Tugboat Company that presently operates three tugs out of Pier 7 under the Murphy Tugboat.

Feingold: But yours is still the company that handles the most difficult ships coming in.

Crowley: Yes. If there's a tough job, Murphy doesn't do it. We do it.

Feingold: What do the ocean-going tugs do? Do they haul stuff up and down the coast?

Crowley: Ocean-going tugs tow ships up and down the coast--scrap ships, ships needing to be repaired. They go out and pick up a vessel that may have run into difficulties, like we have a tug going out tonight to escort one of the Pacific Far East Line passenger ships in from Australia because he's busted his rudder and can only put it over fifteen degrees. We tow oil barges up and down the coast. We tow lumber barges, derrick barges, construction equipment, and so on.

Jenkins: Is that [PFEL] vessel the Monterey?

Crowley: Monterey, yes

Feingold: The one that's out?

Crowley: Coming in tomorrow morning, yes. Ocean-going tugs, depending on their size--we've made trans-Pacific tows, dredges of ships, barges, and we occasionally go down and go through the canals of the Gulf Coast or the Atlantic Coast with various tows. But, as I say, that work is now being done by Puget Sound Tug and Barge Company because our labor agreement is such that we can't very well operate ocean-going tugboats.

Jenkins: We've had a number of trips to Vietnam.

Crowley: Yes. We'll tow anywhere in the world with our ocean-going tugs when they're in operation. But the problem currently is the labor problem. Also, the Japanese and the Dutch, and various other foreign countries have been building more ocean-going tugs, and since our costs are just approximately double the foreign costs, we really can't compete in international towage because our prices--no matter how closely we figure them--come out to be just about twice as much.

Feingold: In this little summary that you had written up on Shipowners and Merchants, you mention that in 1964 a new series of tugs were developed--the Tug Sea Wolf, Inc. and Sea Lion, Inc. both built one of these newer tugs. I wondered who you had developing your new tugs.

Crowley: Phil Spaulding of Seattle was the naval architect that did the design work, and Jim Reddick and all of us around here put our order in as to what we wanted in the way of a tug.

The thing that was interesting about this new tug was, we had what we called a "simplified engine room." Rather than an automated engine room, we called it a simplified engine room. We made the engine room very simple, with a minimum of valves and auxiliary equipment, and operated the engine from the pilot house through pilot house control. All the gauges and alarms were located

Crowley: in the pilot house. When we came out with these tugs, we eliminated the watch system from the engine room, with the help of the unions, because there's no sense in standing and watching a fully-enclosed diesel engine run.

In the old days, where you had the reciprocating steam tugs and the boiler and so on, men had to either shovel coal in the boiler or light the oil burners and oil the piston rods and do all these different things to the engine. So that developed engine room crews. But, with the advent of the modern diesel engine, there isn't a damn thing that a guy in the engine room can do except see that the engine is getting fuel from the right tanks and let it run.

So when we designed these tugs, we designed them with a simplified engine room with all the controls in the pilot house. We were able to eliminate a watch-standing engine room crew. And instead of manning the tugs with a chief engineer and two assistant engineers and a wiper, we just had a machinery superintendent riding the tug, who would look at the engines once in a while and make sure that they were getting fuel from the right fuel tank. This enabled us to man the tugs with a three-watch crew of a captain and two mates, three sailors, and cook and a machinery superintendent, or eight men.

The unions cooperated with us because at that time we had relatively friendly unions. We tried to institute the same system on Puget Sound, and the unions were perfectly willing to go along with us, but our major competitor, Foss Launch and Tug Company, complained bitterly that if we were allowed to operate this new type of tug with eight men and they had their old type of tug with a twelve man crew, that they could not successfully compete with us. We remonstrated with them, stating that they could also build new tugs and get more efficiency and productivity out of their equipment.

But we made little or no progress until a Crown Zellerbach subsidiary, Western Transportation Company, built a river tug on the Columbia River which they equipped with an unmanned engine room. When we advised Western Transportation that our project of attempted efficiency for the benefit of our customers was being sabotaged by our competitor, Foss Launch and Tug Company, they said, "Well, Foss does a lot of work for us, so we'll settle that in a hurry." And they did.

Feingold: Did Foss build new tugs?

Crowley: Then Foss built new tugs and ceased objecting to the unions about the fact that we were operating tugs with less men than they were, and proceeded to then build new tugs and operate the new tugs with the short crew. So we had really more trouble from our competitors in trying to modernize the business than we did from the unions.

Feingold: I was going to ask because that's an unusual reaction from the unions, isn't it?

Crowley: That's not really an unusual reaction. The union business agents are intelligent human beings, but they hold a political job. They can see that if their industry--the industry they're involved in--is not competitive, there are going to be less job opportunities. If it's not competitive, it's not efficient--they're not going to have a union anyway. So, most intelligent and experienced union men want to see efficiency; they want to see new, safer, more convenient and better tools for the men to work with because that means their industry--which, after all, is the fountainhead of their jobs, their livelihood--is stronger and in better condition to make more job opportunities in the long run.

The only difficulty is that many union business agents cannot express what they really think, either to their members or to anybody else, because, if it got back to the members, the members being somewhat shortsighted, will say, "If we cut down on the number of men, we will lose some jobs." But many times, by cutting down on the number of men and doing a job more efficiently, the industry can become more competitive and create more jobs in the long pull with a better standard of living. In fact, this is the fundamental of our free enterprise system and why it has worked so successfully. Most intelligent union business agents, in my opinion, appreciate that fact. But they can't even admit it to their wives because it might get out, and it puts them in a tough spot.

At the time, we discussed this thoroughly with the union business agent, Tiny Ferrin, of the Marine Engineers Beneficial Association, who was to lose more jobs than anyone, and Raoul Vincilione of the Inland Boatmens Union, who was to lose a job, and we convinced them that if we could go for this program, we could create more employment in coastwise and ocean towing by having this eight man ocean-going crew, and it would be better employment in that the men's jobs would be a lot easier and they'd get paid a lot more money. Ferrin and Vincilione agreed to this, and as a result, up until the '69 strike, the total payrolls for the company were far in excess of what they had ever been, and the members of the unions were benefiting tremendously by this simplified engine concept and this increased employment.



- Crowley: I've got a graph here that shows the total monies they were getting prior to the '69 strike. It's fantastic compared to what they've gotten since. Even though the wages are way up, there's no jobs.
- Feingold: They've priced themselves right out of the market.
- Crowley: Right. As I say, most intelligent union business agents that I ever ran into will admit this privately and know full well where their bread is buttered. But that doesn't mean they can get up and say so. They've got to go along with the membership.
- Feingold: Is Tiny Ferrin still business agent?
- Crowley: No, Tiny Ferrin retired, and Charlie Black got to be business agent. Charlie Black is one of the reasons we got tied up in this bad '69 strike. I did have the pleasure, about six months ago, of riding down in the elevator in the Bank of America with Charlie Black, after we'd gone to a dinner for some Russians that were over here. We got talking about the strike and the past history and the present lack of employment in the tugboat industry, and Charlie Black was a big enough man to come out and say, "I sure made a hell of a mistake when I tied you guys up in 1969 because we lost a lot of jobs and a lot of job opportunities." He realizes now the mistake he made. But Charlie was fairly new in the business at that time, and it takes a little time to learn the business. We made mistakes in the tugboat business, and people in the union business make mistakes in the union business.
- Feingold: Where is Crowley Launch and Tug operating primarily now?
- Crowley: Crowley Launch and Tugboat Company's primary operation is an operation in Los Angeles called San Pedro Tugboat Company, and it operates eight or ten tugs down there, docking and undocking ships at Los Angeles and Long Beach Harbor.
- Feingold: How many tugs does Shipowners and Merchants operate now?
- Crowley: Shipowners and Merchants operates about six or seven tugs in San Francisco, and then it has six or seven tugs chartered out to Puget Sound Tug and Barge Company for ocean-going operations. Two of Shipowners and Merchants biggest tugs are operating between Jacksonville, Florida and San Juan, Puerto Rico. They are chartered to Puget Sound Tug and Barge Company who in turn time-chartered them to TMT, towing trailer barges steadily between Jacksonville and Puerto Rico.
- Feingold: That brings up another question I had. What is the size of the average Red Stack tug?

Crowley: Well, they're approximately 100 feet, 100 to 130 feet, and over 1,200 horsepower--up to 3,000.

Feingold: How many knots can they do?

Crowley: What speed will they make? They'll do about twelve to fourteen knots.

Feingold: Are they diesel?

Crowley: Yes. There used to be steam tugs, but we got rid of them after World War II and got diesel tugs.

Feingold: Is that the newest innovation in tugboating?

Crowley: Yes.

Feingold: You mentioned last week that both Crowley Launch and Tug and Shipowners and Merchants stood on their own until recently.

Crowley: Yes. All of our companies, more or less, operated individually, until recent years when there's been more and more inter-relationship between the companies because of the fact that modern business practices have more or less tied them together, and economy and overhead, centralized computer services, and last but not least, the problem of financing modern new tugs at the great capital cost involved--the business has evolved from a relatively small capital business to a very capital-intensive business because these tugs cost upwards of a million dollars. That means \$125,000 investment for each job, which is a pretty capital-intensive business.

#### Docking a Ship: Fees and Alternatives

Feingold: I am still a bit confused about some of the actual operations of tugboating on the Bay. I was wondering what sort of fee arrangement the tugs have, the tugs that help a ship dock, for instance.

Crowley: Well, when the tugs dock a ship, they usually charge a flat fee, depending on the job and the size of the ship. Then, also, in recent years, in the last twenty-five years, we charge overtime at an hourly rate in addition when we have to run into overtime, because of the very high labor cost now. So, assisting a ship is a flat fee per tug, and towing a ship is a flat fee per tow, between two different locations.

Feingold: Is there a standard rate at all?

Crowley: In other words, the rates are not regulated by the Public Utilities Commission or the Interstate Commerce Commission, or the Federal Maritime Commission. But we do print what we call a tariff, which is nothing more or less than a rate sheet with the liability conditions printed on the rate sheet.

Feingold: Does the tug fee include the fee for the bar pilot or the harbor pilot?

Crowley: What you're talking about is the docking pilot. The tugboat captain pilot goes on the bridge of the ship. Yes, the fee includes that service if the shipowner wants to take advantage of it.

But in addition to that, the docking pilots, or the Red Stack tugboat captain pilots, have an association among themselves called Red Stack Pilots' Association. This association bills-- they also send a bill to the shipowner for pilot services: \$10, \$20, or \$30, depending upon the move. That money is paid into Red Stack Pilots' Association and then is divided up between the tugboat captain docking pilots in proportion to the number of jobs they do. This is a fee which goes direct from the shipowner to the Red Stack Pilot Association which has nothing to do with the tugboat company but is an association of the men themselves.

Feingold: Does the money eventually go to the men themselves, or does it stay in the association?

Crowley: No, the money is distributed every month to the men themselves in proportion to the number of jobs they do.

Feingold: How do your rates compare to the competition? Let's say to Murphy Pacific.

Crowley: Oh, as far as Murphy is concerned, it's Murphy Tugboat Company now--that's Rog Murphy--they are much smaller tugs and they don't furnish tugboat captain docking pilots. So their rates are much less than the Red Stack Tug rates, or Shipowners and Merchants Towboat Company, the large tug rates. But they're approximately the same as the Bay Cities Transportation Company's tugboat rates, which furnish a comparable tug to the Murphy Tug.

Feingold: Oh, I see. Then there isn't really anyone who furnishes tugs comparable to the Red Stacks?

Crowley: No. There's nobody else in the Bay that furnishes tugs comparable to the Red Stack, nor do they furnish a tugboat captain pilot service either.



- Feingold: That was another question I had. Does that mean that all your tugboat captains are licensed pilots as well?
- Crowley: Yes. All the tugboat captains at Shipowners and Merchants Tugboat Company have United States Coast Guard Merchant Marine licenses, and these licenses have what they call the pilotage endorsement on them, which means that the man is qualified to act as a pilot in the particular waters delineated by the Coast Guard endorsement.
- Feingold: Are there separate people who are called bar pilots who bring the ship in through the Golden Gate?
- Crowley: Oh, yes. The BarPilots Association is a state-regulated monopoly that maintains a boat on station outside the bar of the Golden Gate. See, outside the Golden Gate, there's a big semi-circular sandbar around the entrance to San Francisco, and there's a channel dredged through that. The bar pilots keep a boat on station out there so that any ship coming to San Francisco can pick up a bar pilot there, and the bar pilot will bring them in or take them out, as the case may be.

This pilotage is compulsory under state law. If it's a ship coming from a foreign port, whether they take a pilot or not, they pay for the service. But they generally take a pilot. Most ships that come in here come from foreign ports, so most of the ships do take pilots. Ships in the coastwise trade do not have to take a pilot, but there are very few ships in the coastwise trade, so that this is not a significant percentage of the ships.

The Bar Pilots Association is controlled by the state legislature; and appointments to the Pilot Commission are made by the governor; and then the pilot commissioners make appointments to the Bar Pilots Association. It's a lifetime job; it's a state-regulated monopoly that is supported by the state and regulated by the state in order to see that there is a service offered to ships that want to enter the port of San Francisco. This legislation was originally passed shortly after the Gold Rush and has been maintained ever since.

- Feingold: The bar pilots would bring the ship into the Bay near the dock, at which point a tug would take over?
- Crowley: Yes. The bar pilot is supposed to bring the ship into a safe anchorage. Generally speaking, the bar pilots bring the ship in to somewhere down off of Alcatraz, and a tug goes out and meets the ship; and the tugboat captain pilot goes up on the bridge of the ship and the bar pilot comes down off of the ship and gets on the tug. Then the tug takes him over to the end of Pier 7 where he gets off and goes back to his office. Then he goes back,

Crowley: catches a ship and goes over to Oakland or down the front, wherever the ship happens to be going, docks the ship with the tugboat captain pilot and the ship.

Feingold: Up on the ship?

Crowley: Yes.

Feingold: How does the tug know to meet a ship?

Crowley: The ship's agents order the tugs, usually a day or so in advance.

Feingold: Through the company?

Crowley: Yes. Through the tugboat company. The tugs are dispatched by shortwave radio telephone. The tugboat company also keeps very close touch with the Bar Pilots Association and knows what ships are coming in. If the shipowner fails to order a tug, they call him up and discuss it.

Now, some ships do not take a Red Stack tug. They will have an independent bay pilot go out and meet the ship and relieve the bar pilot. Some of these independent bay pilots are members of the California Inland Pilots Association, and some are not.

The California Inland Pilots Association is a loose association of some of the independent pilots that have been trying for a number of years to get legislation through the state of California that will give them a monopoly on pilotage in San Francisco Bay, just as the bar pilots have on coming in over the bar. But the state legislature has never seen fit to do it, because they feel there is no real need for a state monopoly over pilotage in the San Francisco Bay, because it's adequately taken care of by tugboat captain pilots or by independent bay pilots or company pilots or by the master of the ship. The shipmaster is assumed to have enough acumen and intelligence to handle his own ship.

The reason for the bar pilotage monopoly is because you have a difficult entrance from the open ocean, and there has to be local knowledge available to the shipmaster so he can get his ship safely into the Port of San Francisco. Once they're in the port, it's the shipowner's decision as to how he wants to move the ship around.

Feingold: Have you been at all involved in fighting that inland pilot legislation?

Crowley: Oh, yes. Oh, yes, my father has spent many a day in Sacramento fighting attempted legislation, and I've spent considerable time in connection with it, and the shipowners spend a lot of

Crowley: time in connection with it. The independent bay pilots have spent a great deal of time and money in attempting to get this legislation over because they would like to have the same sort of monopoly situation that the bar pilots have.

The bar pilots have usually opposed compulsory bay pilotage because they don't think it's necessary, and they realize it's a threat towards their work, because what the independent bay pilots really want to do is they want to get in the same sort of a situation the bar pilots are in, which is a good home. The bar pilots earn around \$30,000 to \$35,000 a year, with a considerable amount of time off, good vacation, and a lifelong job in a state-controlled monopoly--a lot of us would like to have the same thing.

Some of our tugboat captains have become bar pilots. Quite a fairly substantial number of them have been appointed, because they're very adept at handling the ships and they know the entrance to the Bay; in fact, the tugboat captains usually make the best bar pilots. Some of our tugboat captains have become independent bay pilots; and they are usually the best independent bay pilots because they know how to handle ships.

Feingold: Now what kind of ship would take an independent bay pilot and not a tug?

Crowley: Well, usually a foreign flag ship. A small foreign flag ship coming into the port will sometimes take an independent bay pilot because the charge for the independent bay pilot is considerably less than the charge for a Red Stack tug and the tugboat captain pilot; one, because the crew on the Red Stack tug is bigger and it's a more expensive piece of equipment. The independent pilots go around and sell their services on the basis that they can save the shipowner the cost of a tug and they can dock the ship without a tug. Well, sometimes they can and sometimes they can't; and when they can't, then they will use a small tug, like a Bay Cities tug or a Murphy tug, to give them an assist to get into the dock. We feel this is a very unsafe practice; but it's a practice that's existed on the Bay now for a number of years, and the shipowners can't seem to do a great deal about it.

The trouble is that the shipowners really don't understand what is a proper way of docking and undocking a ship. There's no other port in the United States that has this same problem, because the shipowners in other ports (like New York, Philadelphia, and so on) fully understand that they should have, for safety's sake, a good powerful tug to have the ship properly in.

Feingold: I imagine a ship could get itself into a lot of trouble if it was improperly docked.

Crowley: Of course. Sea-Land used the independent pilots occasionally until about two years ago when one of the independent pilots ran the Sea-Land ship into the end of the dock over at the new container terminal. They've got a million dollar law suit against the California Inland Pilots. How that will come out, I don't know.

## II PUGET SOUND TUG AND BARGE COMPANY

### Origins of the Company

Feingold: Well, let's move along to Puget Sound Tug and Barge.

Crowley: My father also had an office at 224 California Street in the '20s and he operated steam schooners on the coast. In 1923, he bought an interest in Drummond Lighterage Company.

Feingold: Can you explain what a lighterage company does?

Crowley: Lighterage is the furnishing of barges or scows to put along side a ship to discharge or load cargo onto or from; and then the lighter or barge is towed to the dock where the cargo is unloaded or it goes around Puget Sound.

Feingold: Then the lighter can't move itself.

Crowley: Yes. The lighter can't move itself; it has to have a tug to tow it. When my father bought an interest in Drummond Lighterage, Drummond Lighterage had no tugboat of its own but had a bunch of lighters that it rented out to various people for movement of materials around Puget Sound.

Drummond Lighterage at that time was managed by a guy by the name of Harrison Hart, who had been a bookkeeper with Pope and Talbot and had been sold some stock in Drummond Lighterage by George Francis Fay, a promoter that had started Drummond Lighterage Company in 1900. Pope and Talbot had some stock in Drummond Lighterage Company, and Harrison Hart, who formerly worked for Pope and Talbot out at Port Campbell, went to work for Drummond Lighterage Company and became the general manager after George Francis Fay left.



Crowley: Drummond Lighterage Company in the '20s worked closely with the Cary-Davis Tug and Barge Company, which was owned by George Cary and Lindley Davis and some other stockholders on the sound, primarily one Joshua Green, who was an early Puget Sound steamboat man and started the People's National Bank. [names in these two paragraphs may be spelled incorrectly] He's 101 years old now and he's still living. He's quite a guy.

[Mr. Jenkins leaves]

Feingold: Thank you very much. It was nice meeting you.

Crowley: Drummond Lighterage proceeded along this way in the '20s. Then, in 1929, the Drummond Lighterage Company, Cary-Davis Tug and Barge Company, Pacific Towboat Company of Everett, owned by Mr. McNealy, and the Gilke Brothers Towing Company of Anacortes, Washington, owned by the Gilke Brothers, all got together and formed a combine which they called Puget Sound Tug and Barge Company. Puget Sound Tug and Barge Company was at that time owned by the four companies, with the Gilkes having a little less than quarter interest and the other three having a little more than quarter interest. Then the Depression hit, and Gilke Brothers business and their equipment was useless to Puget Sound Tug and Barge Company, so they were dropped from the charter and their equipment returned to them. However, they still retained their stock ownership in Puget Sound Tug and Barge.

Then George Cary and Lindley Davis came to my father and said they would like to have Drummond Lighterage buy them out of Cary-Davis Tug and Barge, which Drummond Lighterage did, so then Drummond Lighterage owned some 70 percent of Cary-Davis Tug and Barge. After that, McNealy at Pacific Towboat sold his company to Foss Launch and Tug Company, who were competitors of Puget Sound Tug and Barge. Then Puget Sound Tug and Barge Company made a settlement with the Foss interest, turning certain equipment and monies over to them, so that Puget Sound Tug and Barge ended up being owned 50 percent by Drummond Lighterage and 50 percent by Cary-Davis Tug and Barge Company. Drummond Lighterage owned 70 percent of Cary-Davis Tug and Barge Company.

Puget Sound Tug and Barge continued on without any great change in ownership until shortly after World War II. Harrison Hart got a bee in his bonnet that he wanted to buy-- [inaudible]

The first my father heard of this was a stockbroker in Seattle who called him up and told him somebody was buying stock in Drummond Lighterage Company quietly and they asked my father if he wanted to do anything. At that time, my father had about 40 percent of the stock of Drummond Lighterage Company and Harrison Hart had about 10 percent. So my father told the broker to go ahead and meet these offers and buy up stock. And shortly he had acquired 51 percent of the Drummond Lighterage Company.

- Crowley: It turned out that Mr. Hart was the one who was buying out the other stock. So finally Mr. Hart was relieved of command and his stock purchased by my father, and Lindley Davis then ran the company for a number of years with John Lee. And now Leo Kaller runs it.
- Feingold: I came across this note somewhere that in 1948 the company made its first delivery by barge from San Francisco to Coos Bay.
- Crowley: Oh, this is another company, United Transportation Company, and that company transports bulk petroleum on the coast.
- Feingold: Okay, well, then we'll leave that until we get to United Transportation. I thought that was Puget Sound.
- Crowley: 1958 was when Puget Sound first started its common carrier service to Alaska.

Alaska-British Columbia Transportation Company

- Feingold: This may be related, but I also have a note here that in 1953 the Canadian National Railroad began to ship Alaska goods directly to Prince Rupert, and from there by railroad car barge directly to Ketchikan.
- Crowley: Well, you got a little confused on that. In about 1953--I could find out the date; do you want the date exactly?
- Feingold: I don't know that we need it.
- Crowley: In 1953 the Ketchikan Pulp Company was formed by Puget Sound Pulp and Timber, a major producer of dissolving pulp in the northwest; and American Viscose Corporation, a large chemical company that produced rayon fiber in the east. The purpose of this Ketchikan Pulp Company was to build a pulp mill at Ketchikan Alaska to utilize the forest reserves of southeastern Alaska for the first time. Ketchikan Pulp Company built a complete new mill at Ward Dove, Ketchikan, and the production of this mill was slated to be sold 100 percent to American Viscose Corporation, where the pulp would be used in the dissolving process to produce rayon yarn for making tires.

American Viscose Corporation was faced with a problem of how to get the pulp from Ketchikan back to their plants on the Atlantic. They considered intercoastal ship transportation, but felt that the labor difficulties were too eruptible by longshore strikes and so on, and they approached Canadian National Railway with a possibility of a special rate to take this pulp transcontinentally.



Crowley: The Canadian National Railway had a branch of their transcontinental road that came to the sea coast at Prince Rupert that had never hauled much traffic. They were only too anxious to develop some traffic with Prince Rupert. So they made a special rate to the Ketchikan Pulp Company to haul the pulp from Prince Rupert to the Atlantic seaboard. At that time, the Ketchikan Pulp Company came to us to see if we could furnish a rail car transportation service from Ward Cove, Ketchikan, to Prince Rupert.

Fred Brown, a Canadian citizen and a financier of British Columbia, was president of the Puget Sound Pulp and Timber Company's Canadian logging subsidiary and was close to Puget Sound Pulp and Timber Company, and was also a partner in Strait's Towing Company, Ltd., a Canadian tugboat company. The other half of Strait's Towing was owned by Senator Stan McKeen, a second generation tugboat man who also happened to be a Canadian politician. They worked with Puget Sound Tug and Barge Company to form a company called Alaska-British Columbia Transportation Company.

Alaska-British Columbia Transportation Company was formed, 50 percent owned by Puget Sound Tug and Barge and 50 percent owned by the Canadian interests. But in order to own and operate American flag vessels, it had to be 75 percent American citizen owned. Fortunately, Fred Brown's wife was an American citizen. So, Mrs. Fred Brown owned 25 percent, Strait's Towing owned 25 percent, and Puget Sound Tug and Barge Company owned 50 percent. This company developed a car float system, with a large car float barge and a tug between Ward Cove and Prince Rupert, a distance of 125 miles, and closed the link between the Ketchikan Pulp Company and the dissolving plants of the American Viscose Corporation. With a roll-on, roll-off rail car barge that served as the connecting rail link between the tracks at Ward Cove and the tracks at Prince Rupert.

Feingold: What was the capacity of the barge?

Crowley: Eighteen cars.

Feingold: Did this put you in the common carrier business?

Crowley: Well, no, that put us in the car float business. We had hauled rail cars--Drummond Lighterage had hauled rail cars on Puget Sound for many, many years. Puget Sound Tug and Barge Company had run tugs and barges to Alaska for many years. By putting the two pieces of expertise together we developed this Ward Cove-Prince Rupert transportation system.

A few years after this got into operation, ABC [Alaska-British Columbia] Transportation Company decided that in order to protect this business, they should build a second barge of twenty-four-car

Crowley: capacity, which they did, called the ABC 24, and this was put into service. This gave ABC Transportation Company an extra barge.

Canadian National Railway came to the ABC Transportation Company and wondered if they could haul rail cars over to Whittier, Alaska, which was across the Gulf of Alaska. Puget Sound Tug and Barge said this could be done, and ABC Transportation Company instituted the movement of roll-on, roll-off rail car transportation between Prince Rupert and Whittier, Alaska, where it connected up to the tracks of the Alaska Railroad, a government-owned railroad in Alaska. Canadian National Railway was very anxious to do this in order to develop traffic over their Prince Rupert route which was very lightly traveled, and get a potential share of the traffic to Alaska.

The American railroads finally woke up to the fact that the Canadian National had made a connection between their lines and the Alaska Railroad, and the American railroads felt that to prevent the siphoning off of considerable transcontinental traffic that was eventually destined to Alaska through the Canadian transcontinental routes, that they required a rail car connection between Seattle and [inaudible]. Their interest developed in approximately 1960. They held quite a few meetings in Seattle with various tug and barge and transportation people.

At that time, Puget Sound [Tug and Barge] recommended to them that they take their cars to Alaska by roll-on, roll-off car float barges towed in tangent with the container barges that Puget Sound-Alaska Van Lines had recently built and was performing a common carrier service between Seattle and Seward, Alaska with containers for the Alaska Railroad.

#### Puget Sound-Alaska Van Lines

Feingold: Now to back up a bit, you mentioned last week that in 1959 the Alaska Steamship Company had originally been approached by the Alaska Railroad and asked to--

Crowley: Right. And this is backing up into Puget Sound-Alaska Van Lines which I was going to back into anyway.

Puget Sound-Alaska Van Lines was formed in 1958. What happened there was that the coastwise line, which was the Coastwise Steamship Company, had been started in the '30s by people who were

Crowley: close to Crown Zellerbach Corporation. The purpose of the steamship line was to move the newsprint of Crown Zellerbach from Port Angeles, where Crown Zellerbach had a big newsprint mill, and Camas on the Columbia River, where they had a big newsprint mill, down to San Francisco and southern California.

Coastwise Line operated profitably for a number of years hauling this newsprint. They were also looking for cargo north-bound, so they carried northbound cargo out of San Francisco and Seattle on to Alaska. This balanced up the newsprint route.

Well, they operated fairly successfully for a number of years until the railroads--Southern Pacific and the Union Pacific--decided that they were going to get the newsprint traffic, so they exempted their newsprint rates from all the ex parte increases that they got from the ICC. With this ceiling on the rate--in fact, they cut the rate, so that the Coastwise Line gradually had to reduce their rate from originally \$32 a ton on newsprint down to something like \$18 a ton in the late '50s. This eventually broke the Coastwise Line.

About 1958, the Coastwise Line was getting into serious financial difficulties, and they were trying to find a cheaper method of getting their Alaska cargo from California and the Pacific Northwest to Alaska. They requested the Puget Sound Tug and Barge Company to haul the Alaska cargo from Seattle to Alaska so their C-4 vessel, the Coast Progress, could turn around at Puget Sound and won't have to proceed on to Alaska and could make more voyages in the coastwise trade. The Coastwise Line was controlled and operated by Tom Cuff [name may be misspelled] of Pacific Far East Lines, and he encouraged us to move this cargo, which we did.

Then they said they were going to get out of the Alaska trade altogether. So, we started Puget Sound-Alaska Van Lines to haul the cargo that they had accumulated over the years from California and Seattle to Alaska. This was the beginning of Puget Sound-Alaska Van Lines.

Where it got the name "Van Lines" was, at the same time, the Alaska Railroad had been seeking some water carrier to move large numbers of containers between Seattle and Alaska to connect up with Alaska Railroad, because the Alaska Railroad felt that containerization was coming but couldn't get the then existing carriers to convert their ships to haul big containers.

The Alaska Railroad was very anxious to get some carrier to transport a lot of containers to Alaska, because they saw the container revolution coming. The existing carrier, Alaska Steamship

Crowley: Company (which served the Alaska Railroad at Seward), would only carry a maximum of fifty-eight containers per ship, because they felt that the container revolution was a lot of baloney and a waste of too much space on the ship.

We designed barges that would carry three hundred containers, because they were just regular boxes that we could stack up four high.

Feingold: When you say "we," who do you mean?

Crowley: Well, the company--people in the company--my father, myself, Jimmy Redding, John Lee, everybody was involved in it. We built four of these container barges with the understanding that Alaska Railroad would built a whole bunch of containers to make this a viable operation, and also put in cranes at Seward.

After we got the barges built, the Alaska Railroad built 160 containers and said, "We've run out of money; we can't build any more containers." They gave sixty of the containers to Alaska Steam and gave one hundred to us. We said, "It will take a couple thousand containers to make this a viable system." They said, "Well, we're sorry; there's nothing we can do. We can't put another crane in at Seward."

This necessitated our purchasing about six hundred containers, and putting a crane at Seward, and building a terminal in Seattle with a couple of big cranes, and handling the containers and the cargo as best we could. In this way we entered into the Puget Sound-Alaska Van Lines Transportation system to Alaska, which was the first common carrier transportation system to Alaska.

We operated through '60, '61 and '62; and we began to realize that we would have to put in quite a few million dollars more investment in containers and container cranes and everything. Also, the American railroads at that time wanted to connect the American railroad system up with the Alaska Railroad and they wanted to get a roll-on, roll-off service to Alaska. They discussed this with us and they also discussed it with Alaska Steam.

We suggested a compromise service. But they turned that down in favor of the service proposed by Alaska Steamship Company, which was to buy a Japanese-built train ferry that had been built for the Florida-Cuba trade by the West Indies Fruit and Steamship Company, and attempt to get a special bill through Congress that would enable this ship to engage on the coast in trade at the United States, which was in violation of the Merchant Marine Act of 1920. She could carry forty-five rail cars and make eighteen knots and was ideally suited, in their opinion, to make the run to Alaska.



Crowley: We were building another container barge at that time, and we fought the thing in Congress. We got the idea that if we converted this construction job into a rail car roll-off barge, we could point out to Congress that we were building a rail car service in American shipyards in accordance with the law and should not be discriminated against by allowing this cheap Japanese-built vessel to compete with us.

Before we did this, we contacted the Canadian National Railway and asked them if they would have any objections to us doing this. They said absolutely not, and in fact encouraged us to build this barge into a rail-car-carrying barge and used that as evidence of the good faith on our part to build vessels in American shipyards to serve the American railroad's haul to Alaska.

This special bill to bring in the City of New Orleans was fought through two Congresses, Senator Clair Engle representing us and carrying the ball for us very strongly, and Senators E.L. Bartlett and Warren Magnuson carrying the ball strongly for Ned Skinner on the Alaska Steam and the American railroad system. Senator Engle, through admirable political maneuvering and logic on his side, finally won out and the bill was permanently tabled so that the trainship City of New Orleans could not be given American registry.

Skinner proceeded to purchase the ship anyway and operate her under a Panamanian flag out of Delta Junction, just across the border in Canada on the Fraser River, and the ship has been hauling rail cars from that point to Whittier ever since, operating with a Canadian crew under Panamanian flag.

Feingold: Does it appear to be making a go of it?

Crowley: The Alaska Trainship Corporation, which the operation is operated under, has never paid a dividend, is marginally profitable, and this is evidenced by the financial statements filed with the Interstate Commerce Commission in the continual attempts to get increased rates. In my opinion, the trainship City of New Orleans will be eventually sold to some foreign operation, possibly back to Florida and Cuba, which she was designed for because she is not economically sound on the 1,200 mile haul that she is presently engaged on when she was designed for a ninety mile haul, which is the distance between Cuba and Florida.

Alaska Hydro-Train

Feingold: Where does Alaska Hydro-Train come in?

Crowley: This barge that was being built--this container barge which we switched to--was ready to receive rail cars, but due to our battle with the American railroads in Congress--because the American railroads helped Skinner tremendously and brought a lot of political pressure to try and get the vessel brought in under American flag--the American railroads were somewhat resentful of our activities, if not downright sore. So, they did not want to see us haul rail cars out of Seattle to Whittier, and could very easily say, "We will not let our cars go on your barge."

So Puget Sound-Alaska Van Lines at that time was giving a service out of San Francisco to Seward as well as Seattle because, in the meantime, Coastwise Line had gone broke and discontinued their California service, and we were barging cargo from Oakland to Seattle and on to Seward.

We were then faced with a labor problem in Oakland in that the longshoremen insisted that they furnish men to tie the barge to the dock and this job had always been done by the deck hands on the tug. So we fought this, and in fact did not come to Oakland any more.

In the meantime, we went up to 65 Market and said to Southern Pacific, "If you will give us a little help in trying to get our car float system running to Alaska, we will discontinue hauling out of Oakland to Seattle and then on to Alaska and ship all the cargo by Southern Pacific to Portland and then by UP [Union Pacific] on to Seattle." Southern Pacific said, "You're our boon friends and we will use our influence on Union Pacific to serve you in Seattle and let their cars go to Alaska."

So Union Pacific enthusiastically joined Southern Pacific in helping us, and once they agreed, they also used their good offices to get the Great Northern, the Northern Pacific, and the Chicago-Milwaukee to let bygones be bygones and be all friends again, which was the commencement of the Alaska Hydro-Train.

Feingold: Is that a separate company?

Crowley: I think it's the Alaska Hydro-Train division of Puget Sound Tug and Barge Company, as was Puget Sound-Alaska Van Lines a division of Puget Sound Tug and Barge Company.

- Feingold: In 1962, the tug Resolute was completely remodeled to haul lumber barges out of Coos Bay, Oregon, to northwestern California ports. Was that part of Puget Sound?
- Crowley: No--let me see now. Where did you get that information?
- Feingold: This came from one of your father's clipping books.
- Crowley: Because I didn't say that, and I didn't think that I was losing my mind. That's part of Oregon Coast Towing Company's story, which is another thing.
- Feingold: Another clipping said that in February 1963, there was a thirty-car barge that was built.
- Crowley: That was the Clair Engle, the barge I had made reference to, and that was probably her first trip at that date. I can look it up.
- Feingold: You named it after the Senator?
- Crowley: Yes. The Senator later died from a brain tumor, but he was quite a guy. He fought the whole battle for us, and we never contributed a dime to his campaign funds. On the other hand, Senator [William] Knowland, to whom we contributed plenty, wouldn't raise a finger to help us, even though he was a Republican and Engle was a Democrat.
- Feingold: Politics is a strange thing.
- Crowley: Oh, yes, it's awful. But, I guess it's better than any other system. The Puget Sound-Alaska Van Lines ran in '59, '60, '61; and in '62 or '63--when was that date you said before?
- Feingold: February, '63.
- Crowley: In 1963 we got squared away with Southern Pacific and Union Pacific and the other railroads and we started hauling rail cars, connecting up with American railroads, and then another date came along, '64, the Alaska earthquake. When the Alaska earthquake came we were still running into Seward with the Puget Sound-Alaska Van Line barges and also running into Whittier with the car float barges. When the Alaska earthquake came, the Alaska Railroad dock at Seward was completely wiped out. It went right into the drink.

An odd thing occurred. The night before the earthquake--we had a big crawler crane on the dock which we had had to buy for \$185,000 because the damn Alaska Railroad still wouldn't go through with any of their promises. We had to have this crane in order to unload the containers off our container barges, so we bought the



Crowley: damn crane and put it up there on the dock. We felt this was the responsibility of the Alaska Railroad, but they didn't see it that way. They didn't have appropriations to do it so they didn't have the money.

So anyway, the night before the earthquake, our guy up at Seward decided that the damn crane needed to be greased or something, and that evening he fired up the engine and he walked it on the crawlers way around in back up by the sheer rock wall. When the earthquake came, the whole damn dock and everything slid into the water, and here was the crawler crane perched on the edge of the bank, and it didn't go in! That crawler crane then crawled all over Seward, picking up rail cars and cleaning up the mess, and did quite a job in the rehabilitation of Seward to say the least. But it was just luck that they didn't lose that crane too.

We had made a deal with Petrolane a few years prior to haul bulk propane to Alaska and had put some propane pressure tanks on one of our container barges, and loaded at Ferndale and took the stuff up there. When we got to Seward, we pumped it ashore into their storage tanks in back of the shed on the dock. When the earthquake came along, it took Petrolane's bulk storage tanks along with it down into the drink. But by that time the rail car service to Alaska was instituted, so the bulk transportation propane ceased at that time because we could haul bulk propane cars up there much more easily, and they could go up the railroad and be used for storage in Fairbanks and Anchorage.

Feingold: It sounds, then, like a lot of the company's resources are tied up with trade to Alaska and the Northwest.

Crowley: Yes, this is essentially correct. Most of our capital investment in recent years has been for the Alaska trade.

Feingold: What principally is transported up there; is there any one thing?

Crowley: Alaska is not a manufacturing economy; it's a fishing economy, and oil and military activities. So, everything from soup to nuts--groceries, household goods, automobiles--you name it, it moves to Alaska. Ninety percent of the traffic is northbound and ten percent of it's southbound. Very little comes out of Alaska, except canned salmon, but that moves on a seasonal basis and is still a very small percentage of the total traffic that moves northbound to Alaska.

Feingold: So that means that a lot of barges come back empty?

Crowley: Yes. A lot of ships too. Sea-Land runs a container ship service to Alaska, and their cargo is 90 percent northbound and 10 percent southbound.

Feingold: Are they much of a competitive threat to you?

Crowley: Oh, yes, they are quite a factor. That was another reason we got out of the container service, because we could see Sea-Land coming into it and we didn't want to get in a battle with Sea-Land, so we gradually withdrew from the container service and left it to them. We do the rail service and they do the container service. I would say they do 60 percent of the trade to Alaska; we do roughly 25 or 30 percent and the rest of it is done by catch-as-catch can operators.

### Servicing the DEW Line

Feingold: There are a couple of other things under the umbrella of Puget Sound that I'd like to hear about: the DEW [Distant Early Warning] line supplies, the Prudhoe Bay, and Arctic Marine Freighters.

Crowley: Those are all stories in themselves.

The DEW line story is a very interesting story, or it is to me anyway.

In the summer of 1956, I got a call from a fellow by the name of Jack Bullock from Kotzebue, Alaska, and he said he wanted to come down and see me with his banker. So he came down and we had lunch out at the Yacht Club and he unveiled a scheme that sounded fantastic to me.

Some years prior to this, the United States government had built a series of radar stations across the northern coast of Alaska and out the Aleutian chain and across Canada and so on, and these DEW line radar sites every summer were served by a military navy-sponsored convoy of ships consisting of ice breakers, cargo ships, tankers, LSTs, LCMs--

Feingold: What are LSTs and LCMs?

Crowley: Landing ship tanks. They're a 325-foot vessel that goes up on the beach and lands tanks. LCMs are fifty-foot landing craft, but quite a flotilla. At a cost of roughly \$30,000,000 every summer, this flotilla would go up and resupply all the DEW line sites over as far as the Canadian border.

Jack Bullock said that he was familiar with Arctic waters and the Bering Sea; he had a small tug and barge outfit in Kotzebue. He had convinced one Colonel Dial [name may be misspelled], the transportation officer for the Army Transportation Corps in Alaska,

Crowley: that this resupply job could be done much more economically by commercial vessels, which would save the air force a tremendous amount of money because this was their responsibility, and the navy was spending money like it was going out of style performing this job every summer. He had convinced Colonel Dial of the fact that tugs and barges could do the job in a much easier manner, and Colonel Dial had given him a contract for several million dollars to resupply the Bering Sea sites and the Aleutian chain sites for this coming summer, and he wanted to know if we wanted to go partners with him and furnish the equipment.

To me this sounded idiotic, because in the first place, when the military or when our government ever does anything, they usually put it out to public bid; and secondly, a job of this magnitude would certainly be publicly discussed. I told him that we were not interested in going partners with him. We would charter to him any equipment he might need but wanted cash on the barrelhead. So he left here and proceeded north and went to a Captain Leppaluoto [name may be misspelled] on the Columbia River who had a company called the Pacific Inland Navigation Company.

Feingold: Could you tell me a bit about Captain Leppaluoto? Was he the owner of Inland Navigation Company.

Crowley: Yes. He had an interest in Inland Navigation. There was a fellow by the name of Whaley and another guy by the name of Dent. Whaley and Dent had an interest in Pacific Inland Navigation Company. Leppaluoto started as a deck hand, and worked his way up in the company. He was a Finn and a pretty aggressive guy. He was the guy who first put tugs and petroleum barges up the Columbia River rapids to Pasco hauling refined petroleum products from Portland into the inland empire. Then it was distributed by truck from Pasco into the whole central area. They did fairly well; they had a very difficult run, getting up the Columbia over the rapids. They required quite a lot of power and fairly fast barges. They did quite a job, and it took a lot of guts; he was the guy with the guts who did it.

Since that time, the Columbia has been tamed by all the dams-- the Bonneville Dam, the John Day Dam, and so on. Also, the Standard Oil Company of California built a refinery at Salt Lake City, and then built a refined products pipeline from Salt Lake City up to Pasco and then from Pasco on up to Spokane. There've been various discoveries of crude oil in the Rocky Mountain states and other refineries built up there. So in recent years, or in the last ten years, the bulk petroleum transportation up the Columbia River has changed, so there are no refined petroleum products moving up but a little bit moving down, because of the excess refining capacity in Salt Lake and the inland empire. Now in the last two

Crowley: years, due to a shortage of crude oil and an increasing demand for petroleum products in the central part of the United States, the barging of refined petroleum products up the Columbia River is starting in all over again. It's built up tremendously in the last couple of years.

Feingold: Getting back to the DEW line story--

Crowley: Captain Leppaluoto agreed to go partners with Jack on this job. The first year a group of tugs and barges, mainly owned by Pacific Inland Navigation Company, went up and resupplied these DEW line sites. We made many inquiries, and tried to discover how a small operator could get a multi-million dollar contract handed to them on a silver platter, but that was exactly what had happened, and Colonel Dial felt that since he was saving the government many millions of dollars, he had done a good job. If it was highly profitable to Jack Bullock and Captain Leppaluoto, what difference did it make if it was serving a good purpose, with which we heartily agreed.

However, in the fall, Captain Leppaluoto and Jack Bullock had a falling out as to the division of the spoils which ended up in a lawsuit. The following year, Jack Bullock came to us and said, "Do you want to go partners with me this year? I have the contract on a silver platter again." We said, "Why the hell didn't the thing go out to bid the second year?" He said, "Well, you don't know the right people." So, we agreed the second year that since this guy seemed to have such a great "in" we might as well go along with the gag, and we went partners with him in a joint venture to resupply the DEW line sites. I believe it was 1959; I'm not sure.

That year, the job was even greater magnitude because the Arctic coastline was also included, so we had to acquire considerable additional Arctic equipment. We proceeded to do the job in partnership with Jack Bullock.

Technically, the job was accomplished, but on a somewhat extravagant basis because Mr. Bullock liked to spend money like it was going out of style and also was a big man with the case of whiskey. We did not like the way the job was run because we thought it was a little too lavish and a little too unsafe with people getting drunk every night and so on.

Also, as the season progressed we found Mr. Bullock was feathering his own nest at the expense of the joint venture and having all the insurance on his tugs at Kotzebue paid for out of a joint venture, which was in his words a "slight accounting error," and a few other odds and ends. So, we came to an agreement to disagree and both went our own ways.



Crowley: However, the job was done successfully, and this was the first penetration of the Arctic by commercial tug and barge services. That was 1959.

The following year, in 1960, after considerable pressure, Colonel Dial was obliged to put the job out to bid. We received a portion of the job--I believe it was the Aleutian chain sites--and Bullock got the rest of the job. Bullock did not have the equipment to do the job, but had gone to Captain Leppaluoto and asked him if he wanted to sell his company. Leppaluoto agreed to sell his company for \$1,250,000 cash on the barrelhead, never dreaming that Bullock would dig up that kind of dough. Leppaluoto was perfectly willing to sell the company for less than that, but he thought it was a good price.

After the bids were opened, it developed that Bullock had a part of the job, and he flew back to New York and bought a couple of tugs that were out on this coast from Moran and arranged financing back there with some friends of Admiral Moran's, Westerland, Bergen and Knowles, and also the Bessemer Securities Corporation. He hot-footed it back out here and put a cashier's check for \$1,250,000 on Captain Leppaluoto's desk and was in business. So, he did his portion of the job and we did our portion of the job.

The following year it was to come up for bid again, and I believe we bid and received part of the job and he bid and received part of the job.

The following year, it was to come up for bid again, and he approached us on the possibility of forming a joint venture to do the job where both of our equipment could help one another and it would work out a lot more economically, and a lot more satisfactorily. So we formed a joint venture called Aputco. The "A" was for Alaska Barge and Transport, the "PU" was for Puget Sound, the "UT" was United Transportation Company. The United Transportation company was necessarily included because of the large oil barges that carried large quantities of Arctic diesel fuel. Puget furnished tugs and other equipment and so did Alaska Barge and Transport, which was the name of the company Bullock was using.

Since that time, the joint venture between Alaska Barge and Transport--between Bullock's interests and our interests have continued along in a joint venture. One year, Alaska Barge and Transport was not in it--we had some sort of falling out. So we called that joint venture Putco, and then we went back to Aputco again.

Crowley: Some years later this was taken out of the hands of the Army Transportation Corps and put in the hands of Military Sea Transportation Service, a branch of the navy that takes care of marine transportation for all government agencies. We are on the second of two five-year contracts. I believe we're in the fourth year of the second five-year contract that we've had with the MSTs in the joint venture.

Feingold: I was going to ask you if you'd continued on yearly bids.

Crowley: We're up there now.

Feingold: But now the contracts are for more than a year?

Crowley: They're five-year contracts, yes. And we're on the fourth year of the second five-year contract. We've been doing it for nine years for MSTs.

Lew Johnson, an attorney from Seattle, had a 20 percent interest in Pacific Inland Navigation, and Bullock had a 20 percent interest in Inland Navigation and Bessemer Securities had a 60 percent interest in Inland Navigation. Originally Bullock had the controlling interest, but due to the fact that he needed capital, he gradually relinquished his interest on the basis that if loans were not repaid to Bessemer Securities by a certain time, they would have an option to purchase more stock. By the time Vietnam came along, Bullock had the 20 percent, Johnson had the 20 percent, and Bessemer Securities had the 60 percent. So when Vietnam started up, there was a consortium of contractors under the work of the United States government to make air fields and all that sort of stuff in Vietnam. We tried to sell or charter them tugs and barges for use in Vietnam. Jack Bullock also tried to do it out of Pacific Inland Navigation, but he came to us and proposed to go to Vietnam with the joint venture and deliver the cargo right to the site as the joint venture does at the DEW line sites.

We did not like the idea of sending our employees into a war zone, so we took the position that we would not get involved in anything like this, and if Bullock wanted to go ahead and do it on his own, he could do so, which he did with his company, Pacific Inland Navigation and Alaska Barge and Transport.

They were able to arrange a three-year, \$60,000,000 contract with the U.S. government to acquire equipment up and down the Pacific Coast and take it out to Vietnam and serve the Vietnam ports up and down the coast of Vietnam. So after this was arranged, Jack Bullock bought a lot of tugs and barges from us, from Foss, and others, which was mainly pretty well surplus to our needs, and we got good prices for the stuff. Jack proceeded to make up these flotillas and repair the equipment and get it on its way to Vietnam.



Crowley: Coincidental with this, Jack felt that he personally could make a lot of money by various activities in Vietnam. One thing he did was he bought a laundry in Richmond, California, and loaded all the laundry machinery on one of the barges that were supposedly going out for the government and sent it on to Vietnam. He also loaded various and other stuff that was worthwhile in the black market out in Saigon, and sent it out on this government-owned equipment at government expense. Plus the fact that he apparently was helping himself to other expenses of the company, which by that time was 60 percent owned by Bessemer Securities.

Feingold: Some more accounting errors?

Crowley: Yes, some more accounting errors. This had been going on probably right from the start, but just so long as the accounting errors didn't hurt us, we were not concerned.

The government and Bessemer Securities caught him with his finger in the till, and he got into all kinds of trouble. Bessemer Securities threw him out and Lew Johnson ran the show from then on in, and struggled through a horrible experience in Vietnam but finally got it on its feet and making money on a cost-plus government contract. Although Bessemer Securities insisted that Bullock--and the government insisted--be completely out of the whole thing, Bessemer Securities offered to purchase Jack's interest which they finally did. So now Bessemer Securities owns 80 percent of PAC and Lew Johnson 20 percent.

The Vietnam job is now wound up. There's a book that was written by the company on their activities in Vietnam that is quite illuminating. They did a remarkable job over there. But, at no time have we ever regretted not being involved in that fiasco as you can well understand.

Feingold: That's a hornet's nest, to go into a war zone.

Crowley: Oh, it was unbelievable. Lew Johnson almost went out of his mind getting it straightened out. Not only a hornet's nest with the fighting over there, but with all the crooked malarkey and all the government regulations and accounting and this and that, he'd just gone through the agonies of hell with the auditors and the contracts--

Feingold: I guess Moses' plagues couldn't have been worse.

Crowley: I don't know if he made any money out of it or not, but any money he made he earned every nickel of it.

Feingold: Well, you won an award at some point, didn't you, for your DEW line work?

Crowley: Oh, you mean this NDTA [National Defense Transportation Award] thing. They have every couple of years something like that. I don't know what the hell it is, Man of the Year in Transportation, or something like that--National Defense Transportation Award. Oh, I don't know, it's who does the most in transportation that particular year. Between starting the DEW line, getting the DEW line, doing what we were doing on the DEW line and starting Alaska Hydro-Train and that sort of stuff--and that's a lot of politics, anyway. There's various NDTA chapters throughout the country always wanting to get somebody from their chapters, and there hadn't been anybody from the West in a long time, and so they pulled a lot of politics.

But in any event, it was a little different connecting the Alaska Railroad with the American railroads and also serving the DEW line and going into the Arctic. This prepared us for Prudhoe Bay. When it came along we were all ready to go and give them service up there when the oil companies hit oil.

The DEW line story to me is always an interesting story because, Christ, I went through--well, you know, flying all around Alaska on up to Barter Island.

Feingold: You did this yourself actually then?

Crowley: No, I didn't do it myself, hell no. Jack Bullock ran the job the first year; then we'd go up there and would find him drunk on the beach, and all kinds of trouble and problems.

In that first year I had to fly back from Point Barrow to Fairbanks in a Cessna 180. When I got to Point Barrow the DC-3 had left. We said, "Is there any way of getting back to Fairbanks?" They said, "Oh, we can get you a charter flight." I said, "All right, fine. I'll take that."

So some old guy with a pair of bib overalls comes up and he says, "Where's your bag?" and I say, "Oh, there it is." I thought he was the porter, you know, and he takes it out. He goes up to this old junky Cessna 180 and puts the bag in the plane. I say, "Where's the pilot?" He says, "I'm the pilot."

Well, anyway, his name was Ordway. We got into the plane, and I was sitting in the right front seat, he was sitting in the left front seat. We had an old guy from Kotzebue who had been with, I don't know--Roald Amundsen, or something like that--yes, Amundsen, when he had made the voyage through the Northwest Passage on the Goja. This guy had acted as a pilot for our tug the Neptune that

Crowley: made the first penetration of the Arctic coast for commercial tugs and we were bringing the pilot back. John Lee was on the other side, with this old guy.

Well we take off and we start flying, and it's blowing like hell out of the south, and he stayed right down on the deck because if he went up to any altitude he would have gone backwards. So we're flying over lake after lake. The tundra up there is just flat like a table, and then there's a lake, it's the most god-forsaken country you'd ever see. Well, anyway, we kept flying and flying and flying.

We no more than got on a little way and--you see they have a magnetic compass in a plane and then you have a gyro compass, and you set the gyro to the magnetic compass because the magnetic compass is not accurate when you're turning. All of a sudden the goddamn gyro starts spinning around like this, and he pulled it out, and it just spun around. He said, "Well, the compass is going." He hit it a couple of times and said, "Well, no compass." I said, "Oh, are we going back?" He said, "Oh, no; I know the way."

Then the red light comes on. He starts banging the dashboard, "Oh, that goddamn generator's gone." So he flicks a switch and the generator's off; there's no generator. He said, "Oh, well, what the hell, we don't need a generator anyway." We kept flying on and on; you sit there looking at this damn land a hundred feet below you.

If anybody tells me that the Arctic is against the pipeline, I know differently. It's a ridiculous situation! The goddamn pipeline wouldn't hurt the bloody Arctic--what difference does it make? There's just nothing and nothing up there.

Anyway, finally there's a little hill ahead of us. So we cut over the hill and here's an airfield. He lands on there for about three hours. So he gets out of the plane; nobody around--a little village over there--this is Umiat on the Colville River. He gets out of the plane and he goes over to a couple of barrels over there, and a young Indian kid comes out from behind the shed someplace.

This guy, out of the big back pocket of his bib overalls, pulls a dirty old rag out of his pocket, puts it over a funnel (this dirty old rag happens to be a chamois that he uses for filtering the gas). So they bring gas over in buckets and pour it in. Jesus, I thought to myself, I hope it's gas; you don't know how much water's in it, you don't know how much dirt. It was just unbelievable! Well, anyway, they filled the tanks up and we take off again and we start flying.

Feingold: And he didn't do anything with the generator?

Crowley: No. What the hell can you do with the generator at Umiat? You might as well be in Timbuktu. We see these mountains up ahead of us, the Brooks Range. He said, "Well, I'm going up this valley to the Amatuvuk Pass. This is the best pass in the mountains." So we go up over these. He says, "Oh, keep close to the ground and you can see the Eskimo towns; one hundred feet off the ground." He went down to fifty feet! So here we are, and as we go over the pass, he waves to the Eskimos in their tents.

We just keep on going. We start flying down the valley on the other side. The sun went down and it started getting darker and darker. We had no generator, no lights, no radio, no nothing. Here we are going along, and where in the hell are we going? He says, "Well, I think I can get to Bettles." "What's Bettles?" "Oh, Bettles is an airfield down here." Bettles is an airfield out in the boondocks, south of the Brooks Range, north of the Yukon River.

Finally--I couldn't see my hand in front of me, but he apparently had better eyes than I did--he said, "See, there's some lights up here ahead." There's one little light blinking. So anyway, that's Bettles.

So we land the plane at Bettles. And, gee, it's colder than hell. We get out of the plane and he says, "Oh, wait a minute." He takes the plug out of the engine and drains all the lubricating oil into a big five-gallon can and he packs it in, we pack our suitcases in, and we go into this building. It was a two-story building--looked like it was army surplus or something--and here's an ex-GI sitting in a big chair with his feet up on the table and an Eskimo woman running around (his wife) with a bunch of kids. The pilot carries a can of lube oil and goes over and puts it on the stove to keep it hot all night; then he'd pour the hot oil back in the plane in the morning.

They said, "Did you want something to eat?" We said, "Yes, that would be fine. Okay." So this woman packs in two big five-gallon cans of stuff and they set it on the table. One of the things turned out to be beans and the other turns out to be soup or something. But if you dug the scoop down deep, it had meat inside. He says, "You get stew off the bottom and soup off the top and you can have the beans." We say, "Oh, that's great." I say, "Gee, these few people and these great big pots." He says, "Well, it's Monday." You see, on Sunday they make up a couple of pots and that's what they eat all week. Everybody eats that all week. Then, the next Sunday they make up a couple of other pots. "You mean these children live on a diet like that?" "Oh, sure, they all do it up here." It's just unbelievable!

Crowley: The GI never moved. He just sat on his duff with his feet on the table the whole time. He never did a goddamn thing. And the squaw was running around, working like a beaver. It was dirty--oh, you can't believe it.

Then he says, "Go on upstairs; there's beds up there." We go in the room and there's beds, and there's probably ten-thousand dime novels in the room, all over the place. So I picked up one, tried to read it, but there's no lights, so I said the hell with it.

About four or five in the morning, the pilot comes in and wakes us up. We get up and it's dark. Everything's covered with ice outside. He takes the oil out and he pours it into this goddamn old plane and he fires it up and off we go. We finally got to Fairbanks about 10:00, and boy I was never so glad to get out of anywhere in my life.

Feingold: You must have kissed the ground!

Crowley: And after that trip I figured, "You'd better learn to fly an airplane, buster." And I did. So I'm a private pilot now.

Feingold: So you can fly your own plane.

Crowley: Yes. I've got about two-thousand hours now.

Feingold: Do you have your own plane?

Crowley: Yes, I have a Beech Bonanza, a single engine V-tail. I keep it over in Hayward.



### III OIL TERMINALS COMPANY

[Interview 2: April 18, 1973]

#### General Functions

Feingold: In looking through my notes, I came across a reference to oil terminals that you or your father had built at Eureka and Crescent City, and I wondered which of your companies those fell under.

Crowley: Well, that comes under the company called Oil Terminals Company, which is a subsidiary of Crowley Launch and Tugboat Company. It's a 100 percent owned subsidiary of Crowley Launch and Tugboat Company. It has built oil terminals at various places; the first one was at Alviso, and then we built a terminal at Crescent City and Eureka and Petaluma and Meridian, in the Sacramento Valley.

When Southern Pacific Pipelines put in the pipeline to San Jose, we abandoned the Alviso terminal. When the smog people started objecting to the release of gas fumes in the Petaluma area, we discontinued the Petaluma terminal. Now they truck all their refined petroleum products into Petaluma and generate about a hundred times as much exhaust gas doing it, but that's neither here nor there. The Meridian terminal we abandoned about seven years ago. The Eureka terminal and Crescent City terminal are still in operation, and we also acquired another petroleum terminal up in Coos Bay, Oregon.

The purpose of having the petroleum terminal is, if we have a receiving terminal with storage tanks and a truck loading rack, then we can go to the oil company and say, "Instead of trucking your product all the way from your refinery up to Coos Bay, why not let us barge it up and store it in the terminal and then you can distribute it from there." It develops coastwise barge transportation, and in the Bay, it developed transportation by barge of petroleum products--that was the purpose of building those terminals.



Feingold: Is that cheaper for the oil companies to barge the oil up and then store it?

Crowley: Yes.

Feingold: I assume it's your barges, then, that would move the oil?

Crowley: Coastwise, United Transportation Company would move the bulk petroleum; and in the Bay, it was United Towing Company. We've abandoned all the terminals in the Bay. The United Towing Company is now working in a joint venture with what they call the United River Lines. We've put our barges in with their barges, and we do what remaining bulk petroleum transportation there is to do in the Bay. But in the past ten years, the Southern Pacific Pipeline have put in refined product pipelines to all the terminals that we used to serve, so that it has pretty well finished that business.

#### The Alviso Terminal

Feingold: When did the first of these terminals go up?

Crowley: The first of our own bulk petroleum terminals?

Feingold: Yes.

Crowley: I would say the Alviso terminal was commenced sometime about 1945 or '46, around in there.

Feingold: Was that your father who did that or was that you?

Crowley: Well, that was Oil Terminals Company.

Feingold: Who was the director of that?

Crowley: Well, my father never really bothered much with the oil terminals; that's a small part of the business. It's hard to say really whether my father did it, or I did it, or what; there's really no way of saying. You can't say I did it either, because there's a lot of other people working for the company besides me. I'm just trying to see if there's something on Oil Terminals [looks at computer print out]. I don't remember the exact date; I'll check that out. No, this is only floating equipment so this wouldn't show anything. The computer run-out is on the capital accounts, and it shows when various companies acquired certain equipment. I was trying to remember exactly when we started an oil terminal at Alviso.

Feingold: Does that mean that the oil companies themselves didn't maintain terminals?

Crowley: That's right. The oil companies themselves--what really happened was that in the '20s, most of the refined petroleum products were distributed by tank car out of the refineries to various sub-depots throughout California. Then, with the advent of improved highways and motor truck transportation, they started using highway trucking for trucking refined products. Then the oil companies, in the early '30s, began to realize that if they would build a terminal at Sacramento, a barge terminal at Sacramento, at Stockton, San Francisco, Oakland, Redwood City, they could barge the petroleum in large quantities to those points, and then have a much shorter truck haul. So the oil companies started building up their terminals in the '30s.

In 1939, we began to realize that we were not getting into this new refined bulk petroleum transportation; and that's when we started United Towing Company and started barging bulk petroleum on San Francisco Bay to these various oil company-owned terminals. Then after the war, we could see that we could promote our bulk petroleum transportation by putting in storage terminals for the oil companies who did not want to put in these storage terminals. They didn't want to put in storage terminals in Alviso because it was a very shallow draft channel to get down there, and no one oil company had enough volume to make it worthwhile. So we put in a terminal there to serve the various companies. The same thing applies to Crescent City. There's a long story involved with each one of the terminals. Do you want me to go into it?

Feingold: Yes.

Crowley: Oh, all right. The Alviso terminal. We put in a terminal there because it's the extreme southern end of the Bay, and there was a large flow of petroleum products into the Santa Clara Valley area and there on south. We figured if we put in a bulk petroleum storage we could get barge transportation, which we did. Then the oil companies, of course, had their major terminals in San Francisco and in Redwood City and some in Oakland, and they would haul out of their own terminals by truck down the Bay down to San Jose and Gilroy and so on--and the ones who didn't have good terminals close to there, used our Alviso terminal and others used their own terminals.

The Crescent City Terminal

Crowley: As far as Crescent City is concerned, Crescent City is located close to the Oregon border on the California coast. There's one highway that crosses the mountains over to the Rogue River Balley area of Grants Pass and Medford. In the '20s, the Standard Oil Company of California had had a terminal at Crescent City, and used to ship refined products up to Crescent City by water transportation and then take them over the mountains.

During the war, this was stopped because--well, prior to the war, they took the little tanker they were using on it and sent her to Alaska and made a deal on the QT with Southern Pacific whereby Southern Pacific would buy Standard Oil products, and Standard Oil would shut down their depot at Crescent City, and tear the tanks down, and ship the products up into the Rogue River Valley area out of the Richmond refinery by rail. So, it was a tacit agreement between Southern Pacific and Standard that eliminated the original Crescent City depot.

Shell also had a small depot there; but when Southern Pacific made this deal, Shell couldn't get service to their depot, so they discontinued it. Then, after the war, Shell got interested in getting back into Crescent City because the cost of hauling petroleum products up to the Rogue River Valley ran about four or five cents a gallon, whereas the barge truck move would run two cents a gallon into the area.

So Shell came to us and said that they'd like to build a depot up there, but they didn't know how they'd get the water transportation done. So we said, "Well, we'll build a depot and we'll do the water transportation." They said, "Well, we'd prefer that, because, if you build a depot, then we won't have a big investment in Crescent City dependent entirely upon your whim. If you're going to furnish transportation, fine; but if you don't, then we're stuck with a big terminal." So we said, "Well, we'll build an industry terminal for all the oil companies." They said, "Fine, that will spread the cost and make it much more economical."

So we went to the various companies. They all liked the idea with the exception of Standard. Standard said, "That's a bum idea. We would not like to see you build a terminal at Crescent City and we won't use it if you do." This was due to their agreement with Southern Pacific.

Crowley: So we went ahead and built the terminal. While the terminal was under construction, one of the departments of Standard Oil said to me, "What are you doing as far as tanks for us are concerned?" I said, "Well, your traffic department told us that under no conditions would you use the terminal." He said, "Well, of course, that's the traffic department. This is completely off the record, but I suggest you put in tanks for Standard Oil, because if the others use it we'll use it too." I said, "Well, we figured that out too, and we are building tanks for Standard, and this is the size tanks we're building." He said, "Fine, that's just about the size we need." We went ahead and completed the terminal.

The traffic department of Standard insisted up until the very last minute that they would in no way ever use the terminal at Crescent City. Just before the terminal opened, I got a call from the people up there and they said, "you know, if the price is right, we might consider using that terminal up there." We'd already been told by another department at Standard that there was no way they wouldn't use the terminal. So anyway, then we served the seven majors through that terminal. We were also told, in no uncertain terms, that we'd very well not better serve--now this is anti-trust stuff so I'd better keep my mouth shut. Are you recording this?

Feingold: Yes. You can cut it out.

Crowley: I'll say no more.

Feingold: But that terminal is still operating?

Crowley: Yes. The Crescent City Terminal is operating, but Standard withdrew, Shell has withdrawn and Union has withdrawn.

Feingold: Can you say why?

Crowley: Yes. Because Standard always wanted to get out of it anyway. They have a big depot in Eureka which is ninety miles down the coast; so has Shell and so has Union. But the basic reason is that Southern Pacific Pipelines built a refined products pipeline up the Sacramento Valley and it's now up as far as Chico; so they can pump the product up to Chico and then distribute it by truck beyond into the Rogue River Valley area almost as economically as we can get it to the Rogue River Valley.

Feingold: Is that a real threat to you then?

Crowley: Oh, yes. Definitely. It's only a question of time before Crescent City terminal will be abandoned, because the Southern Pacific Pipelines will put the refined product pipeline north from Chico

- Crowley: right into Grants Pass and Medford on, and connect up with their other pipeline that they have run from Portland south to Eugene. When that day comes, Crescent City terminal will be finished.
- Feingold: They have a lot of rock to dig down into to put their pipeline in.
- Crowley: Well, that's no great problem. The cost of laying pipe is fairly expensive, but Southern Pacific will do it eventually. They'll make their investment on the maximum return, and then just have to wait until they put more population in the area and then they'll put the pipeline in.

#### The Meridian and Eureka Terminals

- Feingold: What about the other oil terminals?
- Crowley: Well, the Meridian terminal we put in because there were no terminals on the upper Sacramento River which had recently been opened to navigation. So we built a terminal up there. No, let me correct that. Shell and Union both put terminals at Colusa. River Lines--they were our competitors--were hauling products up to Sacramento and then on up to Colusa. We figured that if we put in a terminal at Meridian, that we could then get the hauling of the gasoline for the other companies besides Shell and Union to Sacramento, and then haul beyond to our terminal at Meridian which is just south of Colusa. We built the terminal and then the rate structure changed and Southern Pacific put in a pipeline. So we never used the terminal for petroleum products, and Shell and Union abandoned their terminals at Meridian, because the cost of transportation up the shallow Sacramento River above Sacramento became exorbitant.
- Feingold: I have a note here that that was completed in 1954?
- Crowley: The Meridian terminal?
- Feingold: Yes.
- Crowley: I don't remember, but I guess about that time.
- Feingold: I came across that in a newspaper clipping. Let's see, have we gotten all of them?
- Crowley: Eureka terminal.
- Feingold: Yes, Eureka.



Crowley: We put in a terminal there to be used by others than Shell, Union and Standard, because they had no way of getting their product there except by truck or rail; and it cost them a good four or five cents a gallon to get it there and we could haul it by barge for less than a cent a gallon. So we put the terminal in for the four major companies--I believe it was Atlantic Richfield, Texaco, Mobil and one other, I've forgotten.

Feingold: Is that one still operating?

Crowley: Yes. That's still operating. And that will operate indefinitely, because Southern Pacific will never put a pipeline in there, and the companies that are using our terminal will never have enough business to put in their own terminal or have no desire to do so.

#### The Petaluma Terminal

Feingold: And the Petaluma terminal?

Crowley: The Petaluma terminal we put in there--I've forgotten what company we were doing it for--but it was just a small terminal. And then the Petaluma pollution control people shut down all terminals at Petaluma.

Feingold: What was polluting about it?

Crowley: Well, they had an idea that gasoline sitting in a tank under the hot sun--vapor would come out the vent on the top of the tank and this would pollute the atmosphere.

Feingold: Did they have any evidence that that was the case?

Crowley: Oh, yes, they had evidence. All pollution control people have evidence; how valid the evidence is, is neither here nor there. The logic involved is not necessarily sound logic. But nonetheless, all the refined petroleum is hauled into the Petaluma area by motor trucks now, that put a hell of a lot more pollution in the air than the barge terminal ever did. But that's more of this so-called pollution control. Have you read that article on pollution control in automobiles and the 66 billion dollars that's being wasted.

Feingold: No. What was this?

Crowley: Well, that's the trouble--the general public doesn't know what the hell's going on half the time, more than half the time.



Crowley: The Environmental Policy Act specifies certain pollution requirements, and these pollution requirements are extremely strict. Approximately 80 percent or 90 percent of these pollution abatement restrictions can be met at a cost of approximately 33 billion dollars by 1976. But the Environmental Policy Act insists that we meet much stricter requirements; this is estimated to cost about a hundred billion dollars.

The oil companies have taken full-page ads in newspapers explaining to the public that this is a waste of 66 billion dollars in this country by 1976, if they insist on continuing with the very, very overly strict requirements of the Environmental Policy Act. They say, "Certainly, we want to clean up the atmosphere; but when you go to the extremes that will clean up the Los Angeles basin all over the United States, you're wasting 66 billion dollars."

Another problem presents itself when you say, "Clean up the air," like you would clean it up in the Los Angeles basin. Even if you go to the very strict requirements of the Environmental Policy Act by 1976, you will still have to eliminate 80 percent of the automobile driving in the Los Angeles basin to comply with that, indicating that the law set up by Congress is a bad law because it's entirely too strict. It has no consideration of the economic impact, which in turn has tremendous effect on other environmental considerations, such as the preservation of our natural resources and so on. If we have to waste 66 billion dollars on something that isn't doing a damn bit of good anyway, because it's an overkill, then what are we going to do about slum housing and all these things?

The trouble is we're just acting emotionally rather than logically and with sound economic analysis. Environmentalists don't even want to discuss economics, but it is a part of the question, and it's a very important part of the question.

Feingold: Sometimes reformers don't seem to want to discuss hard, cold business facts and economic facts.

Crowley: It's not only a business fact. It's a fact that 66 billion dollars is coming out of the pocket, not of General Motors or Ford, but it's coming out of your pocket and my pocket. It represents things that could be done to improve a lot of situations that require more improving than absolutely pure air. We can have 10 percent polluted air and it won't hurt anybody; but when you say you're going to have absolutely pure air and waste billions of dollars doing it, this is kind of foolish when there's a lot of other things that ought to be done like cleaning up sewage and all that sort of stuff.

Feingold: Besides the enormous problem, as you said, that a lot of the pollution is created by private cars. Short of shutting down the highways, how are you going to stop that?

Crowley: Oh, you're going to stop that. They'll take care of that, because they'll run out of money and they'll run out of oil in this country. We're not going to have the petroleum products because a little bit of that 66 billion will not be available for drilling the wells and for getting more oil, and so we're just not going to have the petroleum products. But I think the environmentalists are making an awful mess of their project. I think that everyone wants a clean environment, or a cleaner environment, but how far do you go? If you go to a ridiculous extreme, then you meet yourself coming and going.

## IV PACIFIC BARGING COMPANY

Feingold: Well, getting back to the Bay here, I came across a couple of notes about Oliver J. Olson and Company, and I couldn't remember whether we had talked about them last time or not.

Crowley: I don't think so. Oliver J. Olson Company was a coastwise steamship company that was owned by Ollie Olson, who died, I guess, about the mid-'40s or '50s sometime, and left the company to his six children. E. Whitney Olson was the most intelligent of the group and ran the company. His brothers' names were Oliver Olson, Jr. and George Olson, and his sisters were Mrs. Howard Finn and--well, I've forgotten the names of the other two, but there were six of them. Whitney and George have died; the other four are still alive. They were engaged in the coastwise transportation of lumber by vessels that are called steam schooners, small coastal vessels; and they engaged successfully and profitably in the business up until about the late '40s. Do you want to go on with that story? That's a whole story by itself.

Well, the story is, briefly, that we saw them using these coastwise steamers and felt that they were doing a lousy job, inefficient. There was a good opportunity for us to go into the coastwise lumber transportation business with tugs and barges. So we designed what we felt were good, sound barges for the transportation of lumber.

Whitney came to us one day and said, "I understand you're talking about going into the lumber business." "That's right." He said, "Well, we've been thinking about going into the barging of lumber too." I said, "Okay." He said, "Would you like to do it jointly?" I said, "Okay. We'd be perfectly willing to go into the thing jointly. You have customers and you've been in the business for many years. If we come into it, we'll come in with a new system which we think will be economical. But you know something about handling lumber and we don't, and we can either learn the easy way or the hard way."

Crowley: These discussions went over some period of time, and he agreed that we would go fifty-fifty partners in the barging of lumber on the Pacific coast. We formed a company called Pacific Barging Company, 50 percent owned by them and 50 percent owned by us.

He brought out the point that, since the Oliver J. Olson Company would still be operating their steam schooners, that we could not expect to take the lumber off their vessels and put them on our jointly-owned barges. I said, "Whitney, I'm not concerned about that whatsoever because you will find that 50 percent of the profit of hauling lumber by barges is a hell of a lot better than 100 percent of the profits of hauling the lumber by your antiquated, self-propelled ships." So he said, "Okay, as long as you understand that we will not take the lumber off the ships unless we want to, we'll go into the business." So I said, "Okay, that's a deal. And we will agree that any barging of lumber by us or by you on the Pacific Coast will be done by Pacific Barging Company."

So we built two barges. We had a hell of an argument with George Olson's brother about the two barges that should be built, because we said that our design was the proper design and George said that we didn't know what we were talking about, they ought to be designed another way. We went right up to the gun and said, "Look, we're placing a contract with the Pacific Coast Engineering for the barges as we have designed them. If you want to go along, fine; if you don't, forget it." So he said, "All right, we'll go along."

So we designed these two barges and built them, the Pacific Barge One and the Pacific Barge Two. They started hauling lumber. They carried four million board feet of lumber a piece, and his biggest steam schooner carried 1.7 million board feet. They operated for two years, and they discovered that 50 percent of the profits of the barging was a hell of a lot better than 100 percent of the profits from the ships.

One day I heard through the grapevine that the Olsons were negotiating with Todd-Houston to build a couple more lumber barges on their own. So I went to lunch with Whitney and I said, "Whitney, I understand that Pacific Barging has been very busy; we haul a lot of lumber, and we're making good profits. Maybe we should start building some more barges." He said, "Well, I've been thinking about that, too. We figured that in Oliver J. Olson Company we'd build a couple of barges to replace some of our ships.

I said, "Well, Whitney, you know that the agreement between us is that any barging of lumber will be done by Pacific Barging." He said, "Well, that's right; but we were only thinking about it,

Crowley: we weren't really doing anything. So any future barging will be done by Pacific Barging." So a month or two later, I found out that he had surreptitiously made an agreement with Todd-Houston to build two new barges on his own.

Feingold: How did you find out?

Crowley: Bo Mayer told me, very confidentially. He's a very good friend of Whitney's and he's a very good friend of mine.

But anyway, I went to Whitney and I said, "Now, I understand you've already ordered the barges after you told me that there was nothing to worry about." He said, "Well, my sisters and brothers have insisted that we build the barges in the Oliver J. Olson Company instead of Pacific Barging, although I gave you my word we would not." I said, "Okay, fine. But you're giving us the double-cross and we're not going through with the original agreement." He said, "Well, don't put it that way." I said, "That's the way it appears to us. As far as we're concerned, we want to break up Pacific Barging Company and split with you, and not have any more to do with you." So we split up Pacific Barging, and they took one of the barges and we took the other. They went their merry way and we went ours.

Oliver J. Olson Company built the two barges at Todd's, which were a real flop. Then they built a couple more barges, which were not more successful and they got into serious financial difficulties. So they are now operating their two remaining barges on the coast in lumber hauling. One of the barges is the barge we designed, that's as far as they got.

Feingold: Why were their other barges a flop?

Crowley: Because they didn't understand--they were steamship people, and they knew that cargo had to be loaded into a hole inside of a vessel. They have hatches in the vessel's deck and they load cargo in there, and then they put a deck load on top of that. Our theory is that a barge should be designed with a solid main deck, but wide enough and shallow enough with adequate stability so you can pile all the cargo on deck. This is the policy we follow. They changed the policy and got into financial difficulties, and are struggling along getting by as best they can at the present time.

Feingold: Are you still involved in barging lumber?

Crowley: No, we gave up lumber barging because the railroads and trucking companies have also followed the transportation of lumber from the Pacific Northwest to southern California, and have held the



Crowley: rates down in competition with water transportation; so there's no money in the barging business any more anyway for lumber products, so we have just withdrawn from it completely.

Feingold: About what year was this?

Crowley: This barge with the J. Whitney Olson (as they call him now) was built in 1957.

Feingold: I had come across a clipping that they had applied to the ICC [Interstate Commerce Commission] to build two barges.

Crowley: No. No, they wouldn't apply with the ICC. It's an ICC-regulated right, yes. Who applied to the ICC? Pacific Barging?

Feingold: According to my notes, Oliver J. Olson and Company, in September of 1956.

Crowley: I see. They had ICC lumber rights for the transportation of lumber by self-propelled vessels on the coast from the ICC. Our company, Puget Sound Tug and Barge Company, had ICC rights for the transportation of lumber by tug and barge. So when we formed Pacific Barging, Olson wanted to get the rights in the Oliver J. Olson Company to move lumber by tug and barge. So we said, "That's perfectly all right," and they made an application for tug and barge rights, as well as their self-propelled rights.

Feingold: What does the ICC control? Is that the only part of the water transportation ICC controls?

Crowley: The ICC does control coastwise water transportation. They control water transportation in the lower forty-eight states. ICC has the jurisdiction for interstate transportation by water and they have jurisdiction over the transportation of lumber up and down the coast.

## V PRUDHOE BAY-ALASKA PIPELINE

Servicing the Alaska Pipeline

Feingold: Last week you described several Crowley enterprises in the Alaska trade. Could you tell me the story of the Prudhoe Bay Alaska pipeline.

Crowley: Well, going back to Jack Bullock, I told you that whole story, the resupplying of the DEW line. We have been running into the Arctic Coast resupplying the DEW line site now for some fifteen years or so. When British Petroleum hit oil up there in the summer of 1968, I guess it was, they contacted us in May or June and said, "Can you haul seven thousand tons of cargo to our oil find up on the North Slope?" We said, "Sure, we can do it."

We scurried together and got a couple of bargeloads of casing and drilling mud and whatnot together in Anchorage, and took it up to the North Slope and put it on the beach at Foggy Island, which is about ten miles east of Prudhoe Bay. The reason we picked Foggy Island is that it's a very shelvy coast, and that's where the deepest water is close to shore, at Foggy Island. It's only ten feet or something like that.

But anyway, the following year, we hauled about fifty thousand tons into Prudhoe Bay for them. Then the following summer, the summer of 1970, we hauled I think it was somewhere around 200,000 tons of cargo and pipe into Prudhoe Bay.

Feingold: Was this on barges?

Crowley: On barges. The barges would anchor about seven or eight miles offshore, and then we would load the cargo onto small, lighter barges and lighter the cargo ashore with shallow draft tugs into Prudhoe Bay. Then it was put on the storage pad or hauled up to the storage pads up the road a ways where they stored the pipe.

Feingold: Were these specially built barges?

Crowley: Some of these barges were barges we'd already had in service, others were specially built. The lighterage barges were specially built and the lighterage tugs were specially built; but the ocean going barges, some we had, some we built more of.

At the time, we were building car float barges to serve in the Hydro-Train; and so we used some of those to haul the cargo to the North Slope--we used those for pipe. They're generally a very wide barge, a relatively shallow barge, and fairly long so that they can carry a lot of rail cars, if we turn them into rail car carriers.

I'm writing up a statement here that I have to put in to the ICC and I'll give you a copy of it. It goes into the Alaska Hydro-Train history fairly exhaustively.

Feingold: Yes, I'd be very interested in seeing it.

Crowley: I haven't finished it yet, but I'm working on it. When it's complete, I'll give you a copy of it if you want.

Feingold: Yes, that would be wonderful.

Crowley: The purpose of this is to attempt to convince the Interstate Commerce Commission that we should be allowed to make a little more than 3.1 percent return on the investment in the Alaska trade.

Feingold: Is that a limit that they set?

Crowley: That's a limit. In our last go-around with them, they came out with a decision stating that 3.1 percent return was an adequate return on investment, which was so damn ridiculous it wasn't even funny; but that was a political decision, and we are requesting another rate increase and trying to tell them what we think is a fair rate or return.

Was there anything particular you wanted to know about Prudhoe Bay?

Feingold: What's the state of affairs now?

Crowley: Every summer since 1970, we have hauled a small amount of cargo into Prudhoe Bay--four or five thousand tons--and this summer of 1973 we're hauling about forty thousand tons of cargo into Prudhoe Bay because the oil companies feel that they're going to get started on the pipeline sooner or later and they might as well get started.

Crowley: One of the big things we're hauling up there is--British Petroleum is putting in a proper camp, a proper headquarters building, which they have never done up until now; one, because they didn't have the money, and two, because Prudhoe Bay wasn't going ahead as fast as it should. This is a big part of the forty thousand tons that will go up there this summer.

Feingold: I was just going to ask what the principal cargo was.

Crowley: See, these buildings are built in modules; we take the modules up there and then they assemble them up there and can make buildings. We did that for Atlantic Richfield in 1969, I believe, and they built a beautiful headquarters building up there, which has a lot of living accommodations and recreation facilities, and a dining room, and stuff like that.

It's a pretty tough living up there because it gets mighty cold; and people have to have some sort of living accommodations. We have a camp up there at Prudhoe Bay which is pre-fabricated structures the size of a truck body, and we put them end to end all together and make a camp out of them. We have a camp for about one hundred men; we have to have up there when we work large amounts of cargo. You just can't exist out in the open up there. It's pretty rough country. There are no accommodations already there.

### The Ecological Impact of the Pipeline

Feingold: Have you yourself been up there since that famous plane flight?

Crowley: Oh, yes. That was my first trip up there, but I've been up there many times since. It's interesting country. The ecologists--I think that 99 and 44 percent of the ecologists have never been there. They're screaming and crying about the fragile area and all that sort of stuff, with very little knowledge of the North Slope, because it isn't nearly as fragile as they claim it is.

I heard a television program where some guy who was president of Friends of the Earth made a statement which he claimed to be truthful, that one footprint will last a thousand years on the North Slope in the tundra. That's absolutely incorrect.

The last time I was up there I had the opportunity to go out to the original well site of British Petroleum. They have removed the drill rig, the mud tanks, and the whole works, and have merely left the well head structure there, the valves--Christmas tree. When they cleared it all up, they just bulldozed

Crowley: the land over flat, and they left it. You can't tell today that there'd ever been a well drilled there except for the Christmas tree sticking up, because a little grass is growing, little flowers and all that sort of stuff.

You don't get big, long grass and you don't get a multitude of vegetation; but what vegetation there is, is there, and if you kill the vegetation, it comes back. The trouble is, it doesn't come back like it does in the tropics simply because no vegetation grows up there anyway. Prudhoe Bay, the Arctic slope is a frozen desert. They have about five inches of precipitation, on the average, all year around, and very cold weather in the winter time. Whatever does grow there doesn't really grow very prolifically, so what difference does it make?

The erosion from some of the places has been very bad; but the stuff erodes anyway. What the hell difference does it make for just a bunch of sand and gravel. Much ado about nothing, in my opinion, but of course, I'm prejudiced.

#### The Canadian Alternatives

Feingold: Does all the talk about the alternate pipeline route through Canada change things for you any?

Crowley: It makes me think how stupid people are, because all the talk about the alternate pipeline route through Canada is just talk, until a foreign country that has tremendous natural resources itself decides to allow this country to put a pipeline through their sovereign territory to get the same resources out of this country's territory. Now, if anybody has an ounce of common sense, how can they be so stupid to believe that somebody in a foreign country is so goddamn dumb that they're going to have their sovereign territory violated by a pipeline so we can use our own oil and gas instead of buying their oil and gas.

So all the chatter about a pipeline through Canada is just chatter, because a pipeline through Canada is entirely a decision of the Canadian people and the Canadian government, and we don't have a damn thing to say about it.

Feingold: I can imagine that with the growing anti-American sentiment in Canada that something like that would have a difficult time getting through.



Crowley: That is a masterpiece of understatement. Even if all the people in Canada loved the United States 100 percent, they'd still say, "Well, what about the oil and gas that we have in our Arctic region? Can we sell it to you, and how much will you pay us for it?" I mean, I just think it's completely stupid for people to even talk about it, let alone think about it, because if they start to analyze it, there's really no point in the Canadians letting us build a pipeline through their country to use our products in our own country when they could just as well be selling us their products at any price they damn well please.

Not only that, but the cost of building a pipeline three times the distance that the Alyeska pipeline would take is roughly three times the cost. To build a pipeline through Canada would cost around ten billion dollars; and the oil companies will have an awful struggle getting the 2 1/2 to 3 billion dollars together that it's going to cost to build the Alyeska pipeline. Where would the money come for the ten billion dollars? It's like the 66 billion dollars that this country--the people of this country--are going to throw away. You have to look at the economics of things, and people seem to be completely ignoring them at this point.

Feingold: Are you at all involved with the current investigations in Congress about the pipeline? I know they're considering it now, after the court decision in February.

Crowley: Well, naturally, we are in touch with Senator Magnuson and Senator Jackson and our congressman--representative--in every way we can, trying to point out the stupidity of not building the Alyeska pipeline as soon as possible. I haven't, personally, been back there recently talking to them about it, nor do I intend to, because I think they're just as fully convinced as I am of the need for it. They understand the picture; their representatives in Seattle understand the picture; and there's really nothing that can be done until they are able to convince the rest of the senators and congressmen that legislation has to be put in and voted on that will allow the Alyeska pipeline to go through.

There's a real power play going on, because the senators and congressmen from the Midwest states are trying to prevent the Alyeska pipeline from going through, because they would like to see the pipeline come down through Canada into their midwestern states. They would get the advantages of the refineries and the petro-chemical plants, and so on, in the midwestern states.

However remote the possibility of doing it is--I think the possibility of building a pipeline through Canada for Alaskan oil is a very, very remote possibility because of what I just said

Crowley: about Canada being a foreign country--but what will probably happen is that a Canadian pipeline will be built from the McKenzie Delta, right directly down the McKenzie Valley and into the Midwest, and Canada will be able to sell all the oil and natural gas it wants to the United States and the Midwest with no price ceilings whatsoever, for exorbitant prices of \$10 to \$15 a barrel for the Canadian crude oil and in any quantities they want to do so.

That pipeline will cost about ten billion dollars. The American public and the oil companies--petroleum--will pay the cost of it and the Canadians will own it. All you have to do is to go through the negotiations that will come out with this eventual result.

Feingold: Is it Senator Jackson who has a bill now?

Crowley: Senator Jackson is chairman of the Interior Committee in the Senate and he has introduced several bills--I'm not entirely familiar with them. One bill is to amend the Mineral Leasing Act of 1920 to increase the size of the right-of-way. Another bill is to build the pipeline--there's a dozen bills in the hopper. They're holding hearings on them, and this is the formalities they go through to try them and come up with legislation that will satisfy the country. Are you interested in that at all?

Feingold: Yes. I'm interested in it.

Crowley: The Oil and Gas Journal is really the most complete publication that I know that will give you all the dope on that, if you want.

#### Arctic Marine Freighters

Feingold: When we were originally talking about the Alaska operations, you mentioned the development of Arctic Marine Freighters as part of the story.

Crowley: Arctic Marine Freighters is a joint venture between Puget Sound and PAC. When I say "we," I mean Arctic Marine Freighters. PAC became disenamoured with our activities after the 1970 season; so the '71 season, Arctic Marine Freighters was 100 percent ours. In the '72 season, they went in and cut the rate, but the oil companies gave us the work anyway. In the '73 season, Arctic Marine Freighters has been revitalized, and PAC is now a partner in Arctic Marine Freighters. We're working together again.

Feingold: How did PAC get back in there again?

Crowley: We feel that it is far better to work in the Arctic as joint ventures because it's extremely dangerous country; you can get into all kinds of difficulties up there; it's no place to fool around with; and everybody needs all the help they can get.

Feingold: What sort of problems in particular make it difficult?

Crowley: The biggest problem is ice, the polar ice pack. The polar ice pack is an area of extreme dangers to all types of water-borne vessels. When you realize that the Arctic ice pack penetrates down into the Bering Sea during the winter time so that the area up there is absolutely unnavigable for at least six months of the year, and the Arctic ice pack remains up against the northwest coast of Alaska until mid-August and then opens up a lead, and then closes up, and opens up and closes up, so that you're lucky to be able to skate around the northwest coast of Alaska and Point Barrow and the Arctic coast of Alaska, and get in and get out with a shallow draft tug and barge. If you don't get caught in the ice and crushed, you're damn lucky.

You can go off the record if you want, but I'll read you something. [refers to "Arctic Report," a special issue of Oil and Gas Journal, October 22, 1972, on Arctic conditions] Good sea ice forecasting can be indispensable to Arctic operations. These guys are Lieutenant Commander Den and F.D. Hughes, who are supposed to be Arctic experts.

He's talking about the Arctic pack as an "ever-moving, always changing mass of sea ice. Every flow, because of differences in size, thickness and topography, has a different sailing ability--effect of wind and current--from the next flow. Tremendous forces, which are currently under study, are at work making the sea ice a formidable opponent for surface shipping. In relation to sea ice, where shipping usually occurs, the northwest coast of Alaska, north of Icy Cape" (that's a cape on the western side--Alaska goes up like this: Barrow is up here, and the northwest cape is over here) "the north coast of Point Barrow to Barter Island is perhaps the most hazardous area in the world, except for parts of the north coast of Asia. In general, a shore lead develops late in July" (a lead is an open waterway to go in) "and continues till freeze-up early in October. This lead may or may not close at one or more places during the navigation season. It is not unusual for the lead to close again and again from Point Franklin to Point Barrow.

"A tongue of ice south of the main pack extending to Point Franklin" (this is further down the Bering Sea) "as a result of the small counterclockwise whorl in the southwest

Crowley: to northeast ocean current, may remain close to the coast during the entire summer. Nor is it unusual for the pack to remain close to or right on the coast in the Cape Simpson area.

"Another area of concern is Camden Bay, where the ice persists close to the coast. Surface shipping plying these dangerous waters may be beset by the ice or even driven aground as a result of the tremendous force of the pack. The deeper draft the vessel, the more hazardous the threatening pack."

Then it goes on to say that even icebreakers don't--it's very, very dangerous country. We feel very strongly that every assistance we can get should be taken advantage of; and we should be in the thing with partners to spread the risk as much as possible, because there is a tremendous risk involved.

It's damn dangerous country. We've got movies of the resupply job up there. You see the ice these tugs and barges go through, and you say, "Oh, my god." It's ridiculous. I mean, it's very dangerous. It's a job that the navy, when they were resupplying--all they were doing was resupplying the DEW line sites, which we've done for fifteen years--and every year they went up there, it was an expedition. When they got back, they gave medals to the commanders of the expedition for their bravery in going into the ice. As these guys say [referring to "Arctic Report"] it's probably the most dangerous place in the world.

[reads] "The northwest coast of Alaska, north of Icy Cape, and the north coast from Point Barrow to Barter Island is perhaps the most hazardous area in the world, except for parts of the north coast of Asia" (that's north of Siberia).

Feingold: What does Arctic Marine Freighters carry mostly?

Crowley: Just drilling mud, cement, large objects that they can't fly in by plane, pipe, drilling rigs, machinery, trucks, anything they need on the North Slope.

See, most of the stuff on the North Slope, or a lot of it--you see the Arctic Marine Freighters can only go in once a year in the summer time. They've got to go in and get out. The oil companies don't have sufficiently well-developed crystal balls to be able to predict what they need for a year in advance, or a year and a half in advance, because they have to plan what they require up there for the succeeding year and then start planning to purchase it and ship it to Seattle six months ahead of time. So, a lot of the stuff that goes to the Arctic slope is flown in by plane; in fact, you either get it there by barge for a few weeks in the summertime or you fly. There are only two ways of getting there.



Crowley: They have these big hercules star lifters there for freight planes that fly in there. But it's rather expensive to fly big, heavy stuff in on airplanes. Therefore, they barge as much as they know they are going to use. Even at that, they make some very serious mistakes. In fact, the casing that we took in to Foggy Island in 1968 they've never used, and they've been talking about bringing several thousand tons of it back again.

Oil drilling changes from hour to hour and day to day; it isn't just a regular manufacturing process. They don't know what the hell they want or need or are going to need, and it's very difficult for them to plan to get the stuff there. They usually figure on just flying it in, and if they can get it in by barge, so much the better.

They certainly know they're going to need drilling mud, but they don't know what kind of drilling mud they're going to use; because there's a million different kinds of drilling mud. Depending on the down-hole pressure and all different kinds of conditions, they just don't know what they're going to use in the way of mud.

The first couple of years we were up there, they found that working and drilling the permafrost, they added water to the drill mud, you know, to make a mud that would go down, and they found the damn water froze; therefore, they couldn't go down the holes with it. Then they decided the only way they could make the mud is to put diesel oil in it instead of water. So they make their mud with diesel oil--arctic diesel oil which stays fluid down to minus sixty or thereabouts. That worked fine, so they decided they needed several million gallons of diesel oil. It cost about a dollar a gallon to fly diesel oil into the North Slope. You can imagine. We took a big barge-load of diesel oil up to them and saved them a lot of money.

The logistics of oil drilling and building pipeline on the north slope is fantastic.

Feingold: It must be, because there must be just a limited number of barges that you could get in there in the time period.

Crowley: That's another point, too. There is a limited number of barges. If the pipeline had gone ahead the way they had planned it, they never would have been able to barge in all the stuff they'd hoped to barge in, because of a lack of barges.

When the thing starts up again, if it does, and it's going to have to, it's going to be an awful problem as to barges and equipment to go into there, with the amount of cargo they want to take in there.



Feingold: How many barges do you have going in there now?

[interruption]

Feingold: You said there were about five or six barges going in this summer?

Crowley: Yes.

Feingold: What would the upper limit have been, let's say that the pipeline--

Crowley: When we went in with the pipe with the 200,000 tons, I think we had something like around fifty barges in there. Some of these are small barges. We had about fifty barges and thirty tugs if I remember right--sixty barges and thirty tugs, something like that. That was a big job.

Feingold: Would that be one tug to a barge?

Crowley: No, usually one tug will tow two barges.

Feingold: Would it be like a safari, with just a long string of tugs towing barges?

Crowley: Yes, in a kind of a convoy, you might say, they go up there. But when you get up to Icy Cape, just past the Bering Straights, then each tug and its barges is on its own. He tries to find his way through the ice as best he can.

The year we went up with the big load, we were stuck for thirty days in the ice just north of the Bering Straights. Some of the tugs were pushed in close to the beach and almost put ashore; others were pushed off shore. We have to have a plane up there. We have an ice expert, one of our men who's pretty good at it and has been going up there for a long time; he goes up in a plane every day that the weather's adequate and tries to find leads in the ice and tell the tugs where they ought to try and go, whether they should go back, or just what they should do. We try and direct it from a plane which can see a lot better over the ice, rather than the fellows on the tugs because they're right down in the ice pack. Sometimes they can't even see over the ice that's right next to them.

#### Oregon Coast Towing

Feingold: Perhaps we could move on to warmer waters. You mentioned Oregon Coast Towing last week. I was wondering if that fits in the picture here.

Crowley: Oregon Coast Towing was a tugboat company we started up in Coos Bay, because there's some pretty good tugboat men working in Coos Bay that live in there; and so we started a towboat company. We started originally to haul sand and gravel and rock up the Umpqua River to Reedsport. There was quite a bit of work going on up there on the jetties. We started this local towboat company and did a considerable amount of work up there. It's still in existence and furnishes towage services on the coast. They only have a couple of boats; it's a small company that uses personnel from Coos Bay.

Feingold: What size tugs are they?

Crowley: They got a 2,800 horsepower tug and a 1,000 horsepower tug.

Feingold: I came across notes on a clipping from 1962 that a tug named Resolute had just been remodeled.

Crowley: Yes. The Resolute was a tug we bought from the Maritime Administration after World War I and used it in San Pedro Harbor for a number of years, and then brought it up here in 1962 and rebuilt it at the shipyards. It was one of the last rebuilding jobs we did because it cost a fortune to do. It's better to build new tugs than it is to rebuild old tugs. We put a new engine in it and rebuilt the tug. Then it went to work for Oregon Coast Towing Company.

Feingold: This clipping said that it would haul lumber barges?

Crowley: Yes. They were towing lumber barges at the time. That's one of the reasons we had a tugboat company in Coos Bay, because it takes a little while to load the lumber barges up in that area; if the tugs are stationed there, the men can go home while the barge is loading.

We're hauling lumber out of Bandon, Coos Bay and Reedsport and Eureka and Crescent City.

Fingold: Is it still involved in the lumber trade?

Crowley: No. As I told you, we went out of the lumber business gradually because of the depressed rates occasioned by the rail competition.

Feingold: Is there any particular product now that Oregon Coast tows?

Crowley: They're towing mainly oil barges.

## VI HARBOR TUG AND BARGE

### Developing Passenger Service on the Bay

Feingold: Getting back to the Bay Area, can you tell me how Harbor Tug and Barge got started?

Crowley: Harbor Tug and Barge Company was started in 1926 by a combination of the Oakland Launch and Tugboat Company and the Henry C. Peterson Company, Inc. Oakland Launch and Tug was owned by American Dredging Company, which was owned by the Harris Brothers. Henry C. Peterson Company was a stock company owned by various stockholders, and the Anglo Bank of Mr. Fleishhacker's days had a substantial interest in it also. They were competitors in the tugboat business; they'd been in the large tug business and they'd been in the small tug business. They'd competed with my father for many, many years.

Then, as I say, in 1926, these two companies combined to form Harbor Tug and Barge Company. They expanded quite rapidly and started cutting prices and really cutting a wide swath in the tugboat business in San Francisco Bay under a guy by the name of Dizzy Williams.

When the crash came in the '30s, they were in serious financial difficulties, and so were both their parent companies, American Dredging and Henry C. Peterson. So the Crocker Bank, who was a large creditor of American Dredge, arranged with my father to purchase a 55 percent interest in the Harbor Tug and Barge Company under the table, so to speak. It was held in the name of the Crocker Bank or A. Hooper and Company for many years, and ostensibly run by a fellow by the name of C.C. Kremmler.

Then later on, we acquired the other 45 percent of this company; since about 1940 or so, we've owned 100 percent of Harbor Tug and Barge Company.

Feingold: Why was this deal with Crocker "under the table" so to speak?

Crowley: Because one of the main values of the Harbor Tug and Barge Company was to have a different company operating in competition with Crowley Launch and Tugboat Company. For one thing, Harbor Tug and Barge Company had a good reputation with customers that they would cutter any rate, and so the customers flocked to them.

Also, they had a better reputation with the unions than we did. From time to time, Crowley Launch and Tugboat Company got tied up on strike; but the Harbor Tug and Barge Company continued to operate at the old wages. Since we owned the Harbor Tug and Barge Company but nobody knew it, it makes an awful lot of difference.

Feingold: Mr. Figari said in his interview that he thought there had been a Peterson Tugboat Company right after the earthquake.

Crowley: Yes. Henry C. Peterson was a big Swede who was a boatman the same as my father was. He had gone into the launch business about the same time my father had. He had a Peterson Launch and Tug Company, as I understood it; that was in business before the earthquake, from about the turn of the century.

About 1915, the Henry C. Peterson Company, Incorporated was organized as a successor to Peterson Launch and Tug. Henry C. Peterson had only a small in that company and it was not very active. That was the company that was dominated by the Anglo Bank and the Fleishhacker interests, and various and sundry people were stockholders in it. It competed with Shipowners and Merchants Tugboat Company until the mid '20s. It also had small boat operations combined into the Harbor Tug and Barge Company,

Feingold: Mr. Figari also thought that Mrs. Peterson--that they were divorced at some point and that Mrs. Peterson had a company of her own?

Crowley: This is news to me. I'm not familiar with Henry C. Peterson. Really, I never knew Henry Peterson. Willy [Figari] would know more about that than I would. All I was familiar with was the Henry C. Peterson Company Inc. that was a corporation owned by a lot of different stockholders and dominated by the Anglo-California National Bank, Fleishhacker interests.

Feingold: How did Harbor Tours get started?

Crowley: My father was always in the passenger transportation business, hauling people out to ships in the stream. Also, in 1915 he built a couple of double-deck passenger boats which he called the double-deckers for taking bay excursionists out from the Panama-Pacific International Exposition down on the Marina. My

Crowley: father operated those passenger boats through the '20s, and also had a picnic park over in Marin County called Paradise Park and he used to carry picnickers over there.

In the early '30s, passenger transportation to the battleships started going to water taxis, which were small, high-speed boats, as distinguished from the old launches. So the Crowley Launch and Tugboat Company, in 1931 or '32, built some water taxis that carried passengers, in addition to the double-deckers. The double-deckers were bigger boats; the water taxis were smaller boats and could go along side the gangway of a battleship.

Feingold: Were the water taxis glass enclosed?

Crowley: No, they just had a canvas over them.

Then, in 1939, the Golden Gate International Exposition at Treasure Island came about. We built a couple more water taxis, the Crowley I and II. They were glass enclosed and they were used for carrying passengers from Treasure Island over to Alcatraz and around the Bay and back again, as were the double-deckers.

Then came World War II. Well, the double-deckers--when World War II came along, we ripped the deck houses off them and converted them into tugboats because there was a scarcity of tugboats. We put new diesel engines in them and made tugboats out of them. The water taxis continued to run out to ships in the stream anchored out there.

I forgot to mention that on September 30, 1939, Crowley Launch and Tugboat Company was tied up on strike by the MEBA. They went out of the passenger business then and they never went back into it.

In the meantime, the passenger business was conducted by Harbor Tug and Barge Company, which had also bought some water taxis and was in the passenger hauling business. That passenger hauling business of the Harbor Tug and Barge Company had been handed down from the Peterson Launch and Tug Company into the Harbor Tug and Barge Company.

At the end of World War II, Harbor Tug and Barge Company built a couple of flat-bottom passenger boats that were somewhat similar to the double-deckers, and started hauling people over to the picnic park and running excursions out on the Bay. Then they started running out of Pier 16 at the Ferry Building. Then they gradually worked down the waterfront and finally ended up hauling sightseers out of Fisherman's Wharf. This was done under the name of Harbor Tours. It was put in a separate corporation because there was a tremendous amount of liability involved in hauling passengers on the Bay.



Golden Gate Scenic Steamship Company

- Crowley: Then there was another company hauling people out of Fisherman's Wharf, called the Golden Gate Scenic Steamship Company, which was owned by a syndicate of people familiar with the water business. They were in the steamship business, most of them. They operated a boat called the Frank M. Cox, a former government-owned vessel, that carried passengers to Angel Island. They went broke, and Harbor Tug and Barge bought the Golden Gate Scenic Steamship Company and operated the excursion boats. Golden Gate Scenic Steamship Company junked the Frank Cox and used Harbor Tours as a ticket-selling agent for Golden Gate Scenic Steamship.
- Feingold: How many boats now does Harbor Tours have?
- Crowley: Harbor Tours doesn't have any boats; Harbor Tours sells the tickets for the Golden Gate steamers. Golden Gate Scenic Steamship Company rents from or charters from subsidiary companies of Harbor Tug and Barge Company five steel boats of about four or five hundred passenger capacity, to run excursions out of Fisherman's Wharf, ferry service to Tiburon, and ferry service to Angel Island.
- Feingold: At one time--I may be thinking of that Golden Gate Scenic Steamship Company--was there another outfit running passenger tours on the Bay, run by a woman?
- Crowley: There was Golden Gate Scenic Steamship Company, and there was a fellow by the name of Russell--a man and his wife, I can't remember his name--we'll get that later. [checks with John Jenkins in adjoining office] He went out of the business and ran a sport fishing boat out of Sausalito and then went over to Honolulu and I think he's still there. I don't know whether he runs a boat over there or not.
- Feingold: Why did he go out of business, wasn't it going well?
- Crowley: He thought he'd do better over in Sausalito anyway. I don't remember that. He started to run a ferry service too--we got in a big hassle over that--out of Belvedere and Tiburon. He went out of business. He felt he could do better running sport fishing out of Sausalito, and that's what he did.
- The trouble with the business is that it's highly seasonal; you can make money in the summertime but you can lose your shirt in the wintertime. I think he folded out of business one winter and started doing something else and never went back in.
- Feingold: When did the ferry to Tiburon start?

Crowley: Well, it's been running twelve or thirteen years now, so I guess it started about 1960.

Feingold: That was started by Harbor Tug and Barge?

Crowley: Yes.

Feingold: How did something like that come about?

Crowley: They had boats and they were running sightseeing excursions out of Fisherman's Wharf, and hauling people over to Paradise Park, and chartering them out to anybody who wanted to take a trip in the Bay. Then they got the idea that it would be a good idea to try and haul commuters out of Tiburon over to San Francisco because the bus service wasn't so good or something like that, and they just started doing it.

Feingold: This is from a note that Mrs. Baum took from your father's scrapbook, I think: Was the ferry from Tiburon chartered from another transportation company which chartered it from Harbor Tug and Barge? Does that make any sense at all?

Crowley: No. The Tiburon ferry developed from the fact that Golden Gate Scenic Steamship Company chartered the excursion boats from excursion-boat-owning subsidiaries of Harbor Tug and Barge Company and ran excursions down to the Golden Gate Bridge and around the Bay and so on.

When we started running the ferry service--the ferry service is regulated by the Public Utilities Commission--we put all our operating rights and Public Utilities Commission business in a company called Harbor Carriers, which is also a 100 percent owned subsidiary of Harbor Tug and Barge. So, in order to do the ferry service, Harbor Carriers charters the sightseeing boats from Golden Gate Scenic Steamship Company to run the ferry service in the morning and the evening; and during the day, Golden Gate Scenic operates those boats and the sightseeing service.

Feingold: What advantage does all that have?

Crowley: The reason we started Harbor Tours was to isolate the liability of hauling passengers. Then after Harbor Tours operated for a while, and Golden Gate Scenic Steamship Company competed with them and finally got into financial difficulties, we bought Golden Gate Scenic Steamship Company. There we had a corporation that had a substantial tax loss carry forward.

We decided that we would not operate sightseeing boats with Harbor Tours anymore, but we'd operate them with our newly acquired company, Golden Gate Scenic Steamship Company, to work off the tax

Crowley: loss and also to--Harbor Tours, that had been selling the tickets, had built up a certain amount of net worth, and Golden Gate Scenic Steamship Company had absolutely no net worth whatsoever--in fact they had a negative net worth. So, we felt that if we chartered the boats to Golden Gate Scenic Steamship Company and had that company operate them, that would reduce our liability; because, if Golden Gate Scenic had nothing and they wiped it out in some kind of a court case, they wouldn't be wiping out much.

It had the double advantage of further limiting our liability and also giving us the benefit of getting a tax loss carried forward, because we conducted exactly the same business as Golden Gate Scenic Steamship Company who had acquired this big loss, and therefore, under the tax laws of that time, it was permissible to do so.

Then, when you talk about running a regulated ferry service, we had to conduct that under a regulated company that has a certificate of public convenience and necessity from the Public Utilities Commission of the State of California for the transportation of persons and property between points in California. Therefore, Harbor Carriers was the company that had the operating rights. We had put the operating rights under Harbor Carriers many years ago, so that they would be all in one company, because a public utility company is regulated rather severely. You have to keep your books of accounts in a certain manner, you have to file tariffs, publish profit and loss statements, and so on and so forth.

So Harbor Carriers was the vehicle which does the ferry service on San Francisco Bay, and that's why the boats will be sub-chartered from the Golden Gate Scenic to Harbor Carriers.

This gets a little complicated, but you asked the question and I'll try and answer it.

#### Relations with the Golden Gate Bridge and Highway District

Feingold: Have you ever tried to get into the Sausalito ferry?

Crowley: We struggled for years to get into the Sausalito ferry. But Golden Gate Bridge and Highway District has used every political trick they could to keep us out. I saw in the paper the other day that some court decided that we had every right to go into Sausalito and they couldn't do anything about it. Al Ellidge handles all that, but he's been over in England. I haven't found out what it's all about.

Feingold: What was the beginning of that story?

Crowley: The beginning of it was--

Jenkins: [enters briefly] Russ Lewis.

Crowley: Russell Lewis [also ran passenger boats on the Bay]. The beginning of the Golden Gate Bridge and Highway District story was that we were running this service over to Tiburon and we got tied up on strike in 1969, so the commuters had to come across the bridge. The Bridge District asked us if they should charter our boat, and they made a deal with the union whereby they'd operate under the old wages. So we chartered the boat to the Bridge District and they brought the commuters back and forth.

Then they acquired another boat down in San Diego and brought it up here and started running out of Sausalito. In the meantime, we had been attempting to get a Certificate of Public Convenience and Necessity to run out of Sausalito and the Public Utilities Commission finally granted it to us, but by that time, the Bridge District were into Sausalito, and they used all fair means and foul to get the Sausalito City Council to keep us from running in there. That's--I don't know--four or five years now--four years. Apparently we've been suing them or something, and the court decided we ought to be allowed to run. We are a private enterprise and we did get permission from the Public Utilities Commission to run, and so on.

I don't think we've got much of a chance because the Bridge District is throwing money away like it's going out of style.

Feingold: On what?

Crowley: On their ferry service, for example. They lose about a half a million dollars a year on the operation of that ferry.

Feingold: They must have to work very hard at it.

Crowley: No, it's not hard to lose half a million dollars a year. When you get through paying union wages on the San Francisco waterfront, you can drop a half million a year just like that, that's no problem at all. But, they have now ordered three highly experimental \$4,000,000-a-copy boats, which are presently being built for them, and we estimate that they will lose about \$5,000,000 a year with that equipment, running a ferry service. The question is--they know they're going to have to raise the bridge tolls to help carry the losses of the existing ferry service and the existing bus service; but their big problem will be, when they get these ferries, whether they will be able to raise the bridge tolls enough to make up the deficits, the huge deficits, they'll have with the new ferries.



Crowley: The boat they run now is a relatively economic boat. She's a commercial design and she was built by commercial people who knew what they were doing, and she has a capital cost of about \$700,000 or \$800,000, and she carries six hundred passengers. They lose roughly a half million a year.

When they get these three ferries that are going to cost them four million dollars apiece, and they only carry a hundred people more per boat--seven hundred passengers--and they carry a much bigger crew and burn a tremendous amount more fuel, and be 7,500 horsepower, as distinguished from 2,000 horsepower, so they'll burn 3 1/2 times as much fuel, and the crew costs will be at least double and probably considerably more, and the maintenance cost and insurance and all that--they'll be losing around five million a year with those ferries. Whether the bridge tolls can support that extravagance or not, nobody knows.

Feingold: Do they need that much horsepower to get from Sausalito to here?

Crowley: No, they intend to run these ferries from Corte Madera down here. No, they don't need that kind of horsepower. The four million dollars they're spending--a commercial boat that could do the same job should cost less than a million dollars.

They just don't know what they're doing. They're a bunch of political appointees on the board of directors. They're headed by a guy by the name of [Stephan] Leonoudakis whose family is in the parking lot business, and he thinks it's a good idea to put ferries on the Bay. The only trouble is, he doesn't know the first thing about a ferry or how much they should cost. But you can't tell him that.

Feingold: Do any of the members of the Bridge District know anything about ferries?

Crowley: In my opinion, no. I don't know how they would know, unless by divine revelation they might have learned something, but that's about the only way.

Feingold: Do they have some kind of arrangement with Harbor Tug and Barge, because I noticed when I took the ferry to Sausalito a couple of weeks ago that it's from the same loading area as the Tiburon ferry.

Crowley: That's Harbor Tug and Barge's loading area. Harbor Tug and Barge put that in and we allow the Golden Gate ferries to use it.

Feingold: Do they pay you a fee for that?

Crowley: One hundred dollars a month.



Feingold: That's a real bargain rate.

Crowley: A real bargain rate, yes. Well, the point is, when you do business with a public body, it's just impossible. They're just an impossible group that want everything their own way; and anything you do is 100 percent wrong and everything they do is 100 percent right.

Feingold: That's incredible!

Crowley: It's incredible that they would use every means at their power to keep us from running into Sausalito. That's a pure dog-in-the-manger. If you were in business and did that to a competitor, he'd sue you for triple damages or something.

Feingold: They're landing here on your sufferance, unless they wanted to build themselves a new docking area.

Crowley: That's right. We thought it not too politic to kick them out, so we'll go on.

#### Ferry Service to East Bay Points

Feingold: I came across notes on a clipping from 1948 that Harbor Tug had applied to operate commute boats in the Oakland Estuary.

Crowley: Oh, yes. We used to run a service from the foot of Broadway over to the Alameda Naval Air Station. We did that for a number of years, and that finally petered out.

Feingold: Was that just a commuter thing?

Crowley: Yes. That was just run back and forth to take the workers over there, because the Alameda tube was so badly plugged up with traffic that it took people too long to get over to the Naval Air Station in Alameda. So we ran this ferry service.

The trouble is, in the United States, with people wedded to the automobile, you can't run the successful ferry service where somebody has to go park their car, walk over to the boat, get into the boat, get out of the boat and walk someplace else, because people in the United States just don't do it. They're used to driving their car. Europe is a little different matter, and Japan is a still different matter, and Russia is even greater-- people ride all kinds of boats in Russia, up and down the Volga and every place else. If they don't ride a boat, they don't get there, so they ride the boat.

Crowley: But in the United States, where everybody has a car or two, you take your car wherever you go and you don't go unless you can take your car. This is one of the things that the Golden Gate Bridge and Highway District doesn't realize and it's one of the reason they'll lose about five million bucks a year running a ferry service across the Bay. But that's life.

Feingold: This clipping also went on to say that these boats also made trips to Golden Gate Fields during racing season.

Crowley: Yes. We used to run a ferry service during the racing season from Pier 16 over to Golden Gate Fields. That finally petered out because they were running buses. The bus service wasn't very good, so we took them over on boats for a while. Then people started drifting away from that and back to the buses.

I know why. Because when we first ran over there, we could go right practically to the grandstand with the boat. Then they moved the landing a little further out in the Bay, and people had to walk to the grandstand. So they forgot about the boat and rode the bus.

We also used to run boats out to Candlestick Park. That was only in recent years. They they improved the parking lot out there, and the landing area shallowed up. It got to be uneconomical, so we quit that.

#### Hauling Sugar Beets and Gravel

Feingold: Did the boats over there--this note says--also haul sugar beets?

Crowley: Harbor Tug and Barge used to haul sugar beets up in the Delta district. For many years they did that. In other words, sugar beets are quite a crop up in the Delta islands. They would truck the sugar beets to a beet loading dump on the various islands, and the sugar beets were hauled either up the Sacramento River to a sugar company at Clarksburg or down to the Holly Sugar Company at Tracy. But with the ever-increasing costs of maritime labor, and the improved roads and bridges in the Delta district from these various islands, the sugar beet business gradually dropped off so that it died out completely. The strike in '69 was the end.

We also used to haul beets from the Delta district down to Clinton Basin in Oakland, where they were trucked from there down to the sugar beet factory down near Fremont. And that was discontinued. You see, there was a sugar beet factory down there on the eastern side of the San Mateo Bridge, because there were a

Crowley: lot of sugar beets raised down there in the old days. But with the General Motors and Ford assembly plants, and the houses built up in that area, it eliminated beet sugar raising, and also they tore the factory down and they discontinued making beet sugar down there. So that discontinued the beet haul into Oakland.

Feingold: Was gravel also hauled?

Crowley: Yes. They used to haul a certain amount of crushed rock and gravel and sand. But that's all moved to--well, the main problem there is that the main gravel pits and sand producing areas now are over in Livermore Valley. Kaiser has developed those extensively. So that all moves by truck and rail to the various distribution plants around the Bay Area.

It's a combination of those gravel pits being developed and the ever-increasing costs of maritime labor which eliminated the water haul.

Feingold: It sounds like maritime labor is pricing itself right out of many of their jobs.

Crowley: There's no question about it, and they know it too. But what can they do? The leaders of maritime labor know it. I think I told you this before. But the men themselves don't understand it; they're always pushing on ever forward to get their wages increased and they're eliminating business. That's why there are no American passenger liners any more.

A lot of water transportation is going down the drain because of a lack of understanding on the part of the employees. Our future generations will say that the shipowners were awfully stupid not to educate their employees to the fact that they ought to accept a lower wage in order to keep their jobs going. But that's an expensive educational process.

### Colorful Characters

Feingold: Is there anything else you want to add about the activities of Harbor Tug and Barge?

Crowley: No, nothing particular. I could go on forever about Harbor Tug and Barge Company. Now, Joe Jerome--I could talk about him for a week at a time.

Feingold: What does he do?

Crowley: Joe Jerome was a gas skinner--that's a boat operator--who used to run boats for the Peterson Launch and Tug Company and then the Harbor Tug and Barge Company. He had been a member of the union all these years and he worked himself into the union hierarchy.

Feingold: The MEBA?

Crowley: Yes, MEBA. He was quite a power in the union. He also used to be a rum-runner during Prohibition.

Feingold: That wasn't Blackjack Jerome?

Crowley: We used to call him Blackjack Jerome, but there was another Blackjack Jerome back in New York or someplace who was quite a character.

Feingold: Blackjack Jerome who was active in Alameda County in horse racing and betting parlors, and things like that.

Crowley: Oh, I see. Well, this guy was a real character. He popped up in a lot of stuff, but he was mainly connected with the boat business and the union. Stories you could tell about him would go on forever. He was a good man with the whiskey bottle. He wasn't afraid of anything. He was a World War I hero too; he had the highest decoration in the war. He wasn't afraid or gave a damn about anything. He'd pull a gun and shoot you as quick as look at you; he didn't care about nothing. He was a fantastic character; quite an intelligent person too, but just uneducated. He was rough, tough.

Feingold: Lester Bedient was the general manager?

Crowley: He's the general manager now. He started in with the company as a deck hand. In fact, he was Jerome's deck hand for a while, and, Christ, the stories he could tell about going out to the light ship in their old launch and all that sort of stuff--it's just unbelievable. They towed a barge in and out of the mouth of the Russian River. That was a real hairbrain scheme. They were going to get sand and gravel out of the Russian River in the '20s with Dizzy Williams promoting the thing.

Then Utah Construction and Mining--somebody sold them on the idea they could get sand gravel out of the Russian River about eight or ten years ago. They dropped five or ten million dollars in that hole. They chartered a couple of barges from us for three years and they never turned a wheel the whole time.

Before they ever started, we said, "For Christ's sake, are you crazy? The Russian River people have been talking about getting sand and gravel out of there for a hundred years. They

Crowley: tried it in the '20s and it was ridiculous. We've got pictures of boats going in and out of there. We've got people here who actually went in and out, and they'll tell you how foolish it is."

Les told them, "Jesus, it's ridiculous," and all the reasons why. They went ahead anyway, and they dropped somewhere between five and ten million bucks on the project.

Feingold: Who were these people?

Crowley: Utah Mining and Construction Company. They're a big outfit here, presently run by a guy by the name of Ed Littlefield, the son-in-law of a Mormon. It's a big outfit.

In fact, they're the outfit that put the coal mine down at Four Corners so that they could build that big steam generating plant that's contaminating Arizona, New Mexico and everything else with all the dust--you read about that?

Feingold: Yes.

Crowley: That's a Utah project. They got a lot of big projects cooking.

Feingold: This wasn't one of their better ones I guess.

Crowley: No, that wasn't. They made the manager of the project the scapegoat and fired him.



## VII SAN PEDRO TUGBOAT COMPANY

[Interview 3: April 23, 1973]

Origins of the Company

Feingold: It's San Pedro Tugboat Company today.

Crowley: Okay. San Pedro Tugboat Company. In 1923, the City of Los Angeles started developing the Harbor of San Pedro with the dredging of piers and so on. They wanted a tugboat service to LA harbor in order to dock and undock ships and so on. So, the Shipowners and Merchants Tugboat Company sent the Sea Prince, and some of their other smaller tugs, down to San Pedro. They also sent Captain Ernest Mohr, one of the tugboat captain pilots, and set up a company called San Pedro Tugboat Company to operate tugs in Los Angeles harbor.

The Wilmington Transportation Company, which was a company that furnished transportation over to Catalina Island, owned by the Wrigley Gum interests, also put some tugs in operation to handle ships in the harbor. They had some tugs with which they towed barges over to Catalina, but the main service to Catalina was by big steamers.

San Pedro Tugboat Company and Wilmington Transportation Company tugs competed for business in LA harbor from 1923 on. In about 1925, Crowley Launch and Tugboat Company sent some smaller diesel tugs to San Pedro harbor to be operated by the San Pedro Tugboat Company on an agency basis.

The competition was extremely keen all through the '20s and on into the '30s. In the early '30s, the company had been losing a considerable amount of money, and Shipowners and Merchants Tugboat Company wanted to get out of this continual drain. So Crowley Launch and Tugboat Company bought the San Pedro Tugboat Company from the Shipowners and Merchants Tugboat Company in about 1934 and commenced a conversion program of converting the smaller steam tugs into diesel-powered tugs.

Feingold: Why did Crowley Tug buy out San Pedro and make the changes. Why couldn't Shipowners and Merchants have done the same thing?

Crowley: Because Shipowners and Merchants Tugboat Company in the '30s was solely a steam tug company. They operated steam tugs, large steam tugs. Shipowners and Merchants Tugboat Company had also lost considerable money operating steam tugs in San Pedro.

Crowley Launch and Tugboat Company operated diesel tugs; and they had lost a certain amount of money in San Pedro harbor too. But, if we were going to stay in the business, the fleet down there had to be dieselized. My father was extremely reluctant to put this additional load on Shipowners and Merchants Tugboat Company, particularly in view of the fact that nobody in Shipowners and Merchants Tugboat Company knew a damn thing about a diesel engine anyway.

It was relatively a small tug operation, as distinguished from a big steam tug operation. He felt it more prudent to have Crowley Launch and Tugboat Company make the additional investment of repowering these tugs and going into the diesel tug business in San Pedro harbor, to be competitive with Wrigley.

It was a risky venture because it was an extremely competitive deal. We were fighting for our very life down there in competition with the Wrigley Gum Company, which had plenty of money. Old man Wrigley looked on the little tugboats running around the harbor as kind of a nice toy and he didn't care how much money they lost.

It was a tough, competitive situation, and my father decided that it would be better that Crowley Launch accept that risk rather than Shipowners and Merchants Tugboat Company.

The tug Sea Lark, Sea Prince, and Sea Witch were all repowered with Union diesel engines.

Feingold: What kind of diesel engine?

Crowley: Union, made over in Alameda. Union diesel.

Feingold: Was that the name of the company or a type of engine?

Crowley: The name of the company. Union direct reversible diesel engines. These tugs were renamed the Crowley #24, ex-Sea Lark, the Crowley #25, ex-Sea Prince, and also the tug Harbor was repowered and sold to Crowley Launch and Tugboat Company and renamed the Crowley #27. The Crowley #28 was the Sea Witch repowered with a 450 horsepower Union. No, the Crowley #28 was the ex-harbor tug A.E. Williams repowered with a 450 horsepower Union, and the Crowley #29 was the ex-Sea Witch repowered with a 450 horsepower Union.

Crowley: This fleet of diesel tugs remained in competition with Wilmington Transportation Company through the '30s and the '40s. After the war [World War II] a gradual replacement of the older tugs of the San Pedro Tugboat Company fleet was commenced by using war surplus diesel tugs. The ex-miki tug was renamed Relief, and she was the flagship of the San Pedro Tugboat Company fleet in the late '40s and early '50s.

Shortly after the beginning of San Pedro Tugboat Company in 1924, Captain Ernest Mohr, who was the manager, became ill, and he was replaced by Captain William McGillivray who managed the San Pedro Tugboat Company up until the late '60s.

Mrs. Lillian Bunkers, commonly known as "Tillie," went to work for San Pedro Tugboat Company in about 1920--well, she went to work; and she is retiring in 1973 after fifty years of service. She was commonly known as Tugboat Annie in San Pedro; and gave orders to the tugs via a hand-held megaphone, and her voice was adequately strong to carry pretty well around the harbor.

Feingold: In Captain McGillivray's interview, he mentioned that Standard Oil had been one of the groups that had originally asked the tugs to come down. Is that correct?

Crowley: Yes, because the Standard Oil tankers were starting to use--you see, Los Angeles harbor, since the days of the Spaniards, was nothing but a little mud hole. In the early '20s, the federal government allocated some large sums to dredge out the harbor and form a deep-water harbor there. Standard Oil started using it. Standard Oil originated up here in Richmond, and then they decided to build a refinery in Southern California at El Segundo and they had their tankers running into the newly dredged harbor and wanted tug service.

### The Tugboats

Feingold: I see. How many tugs did you say there were originally--three?

Crowley: I don't really remember how many tugs went to San Pedro. There were about five tugs that went to San Pedro at first. Let me see, there were four of the old, smaller old steam tugs, and then there were three of the small diesel tugs of Crowley Launch. So there were about seven tugs to start with.

Feingold: Captain McGillivray remembered taking Crowley #9 down and that it was renamed the Ajax.

Crowley: Right. The Crowley #9 was originally a fishing tug, the Paladini or something like that. (checks in Merchant Vessels in the United States)

The Crowley #9 was formerly the steam fishing tug Paladini Brothers, and was built in 1915. She was purchased by Crowley Launch and Tugboat Company in the '20s and a Pacific [inaudible] diesel was installed in her. It proved to be unsatisfactory. She was later repowered with a Fairbanks-Morse Model 35, 350 horsepower engine.

She operated in San Pedro for a number of years. The Fairbanks-Morse engine was a two-cycle engine and had a tremendous exhaust impact. All the dishes in the restaurants uptown would rattle when the Crowley #9 went by because of the peculiarities of the exhaust, so everyone knew when the Crowley #9 was going on the job.

In the mid-'30s she was chartered to Columbia Construction Company, who was building the new, big breakwater outside, and she was employed in towing rock from Catalina Island over to the breakwater. Captain McGillivray would regularly cry crocodile tears on the telephone because Columbia Construction persisted in letting the boat get on the rocks of the breakwater and getting badly smashed up and her planking wrecked.

My father used to say we shouldn't have leased the boat to them, and I used to say, "What the hell are you worrying about because they have to return it in its original condition." When the job was over and they were ready to return the boat, they put it on drydock; they put in a new keel, a new keelson, whole new planking--they rebuilt the boat.

In fact, they rebuilt the boat to such an extent that we took the old engine out and put in a brand new engine, because the life of the boat was lengthened so greatly by all the repair work Columbia Construction had to do. We had a good tug for a number of years to come.

Feingold: Was that the Ajax?

Crowley: And we renamed her the Ajax at the time because she was practically a new boat.

Feingold: Is that something that happens at all frequently, or was that rather unusual.

Crowley: Well, that was rather unusual. However, when a contractor does charter a boat he usually gets it on a bareboat charter and does have to put it back in shape, so that although contractors are very rough on equipment, there always comes a day of reckoning when they have to return it to the owner. This is not the first time that has happened nor will it be the last.

Feingold: That's a standard part of the contract then?

Crowley: Oh, yes, the return in the original condition, ordinary wear and tear excepted. There's a big argument about what is ordinary wear and tear, but on a wooden vessel, if you smash the keel up and scar up all the planking, that's not considered ordinary wear and tear.

[referring to Merchant Vessels in the United States] I told you that #24 was the ex-Sea Lark; the Crowley #25 was the ex-Restless.

Feingold: You said #25 was the Sea Prince.

Crowley: I'll have to correct that. #25 was the ex-Restless, and the Crowley #27 was the ex-Harbor, and the Crowley #28 was the ex-A.E. Williams, and the Crowley #29 was the ex-Sea Prince.

We did not repower the Sea Witch. We were going to, but she was too old. She was the first tug the Shipowners and Merchants Tugboat Company built in 1883.

Feingold: I thought I remembered that name. Is the Ajax still around?

Crowley: No, I don't think so; I don't really know. [refers question to John Jenkins in adjoining office] I think we sold the Ajax to the Mexicans. After the tugs are worn out in San Francisco, they're rebuilt and sent to San Pedro. After they're worn out in San Pedro, they're sold to the Mexicans and the Mexicans take them down to Mexico and use them.

Feingold: Use them as tugs around the harbors there?

Crowley: Oh, yes. But quite frequently the Mexicans put them ashore before they get down to where they're going; that usually uses them up anyway.

Feingold: What's the average life span of a tug? I'm interested, because if the Ajax is still around, it would make it well over fifty years old.



Crowley: The Crowley #24 is still around, and the Crowley #24 was built in 1905. But for all practical purposes, she was completely rebuilt in the '30s and she is almost totally useless now. We don't use her at all. She just barely floats.

In bygone days, when you had good craftsmen around, good woodworking men, you would continually replace the wooden parts of tugboats if you wanted to spend enough money on them, so that they would last almost indefinitely. Witness the U.S.S. Constitution. She's several hundred years old and she's still around, but there's very little of the original timber left in her. The same thing applies with the tugs.

The normal guideline life for depreciation purposes for the Bureau of Internal Revenue, is eighteen years. Years ago, they used to have forty year life on tugboats, which we never subscribed to, because we felt that was entirely too long a life, useful, economic life, for a tugboat. Some tugs are kicking around for forty or fifty years, in years back.

Today, eighteen to twenty years is the useful economic life, not only because the tugs are not nearly as well built as they used to be, but also because you can't afford to spend the money it would take to repair them. In addition to that, they become technologically out-moded because of the advances in diesel engines and propulsive efficiency and what not; so that even though you may get a tug to last a long time, it's like a twenty year old truck; what good is it? It's just an antique relic.

Feingold: A floating museum.

Crowley: Yes.

Feingold: Captain McGillivray, in his interview, mentioned that there were two tugs that were built in the Gulf for about a million and a half a piece. He didn't mention them in connection with any particular operation; I wondered if you remembered--

Crowley: I think he was telling you of our latest tugs that were built. The Sea Swift and the Sea Flyer were built in the Gulf. They're twin-screw, General Motors-powered, with two sixteen-cylinder electro-motive division turbo-charge engines, and they have a total horsepower of 7,000 horsepower.

Those two tugs were built at J. Ray McDermott Shipyards in Morgan City, Louisiana, and were the most powerful tugs of their time. They're presently engaged in towing roll-on, roll-off trailer barges between Jacksonville, Florida, and Puerto Rico.

Feingold: When were they built?

Crowley: The Flyer and the Swift? About '69. We have since that time built four more of those. [checks book] The Sea Swift was built in 1968 and so was the Flyer. Then we built four more of those which we call the Mars and the Zeus, the Guardian and the Pathfinder.

Feingold: I am a bit confused still about their engines. How are they powered?

Crowley: General Motors EMD--Electro Motive Division--Engine, sixteen cylinder, 645, that's 16-645-E5. The 16 means 16 cylinders, the 645 means 645 cubic inches per cylinder, displacement, and the E5 means it's an exhaust gas turbo-charged engine.

Feingold: Is there any pattern with the naming of the tugs?

Crowley: Crowley Launch and Tugboat Company tugs used to be named Crowley Number So-and-So. The Bay Cities Transportation Company tugs have been named after--they've been named Alert, Rescue, Vigilant, Defiance, Fearless and so on, which were names patterned on their alleged ability to be available and do a job.

This was somewhat the same naming principles that were followed by Spreckles Towboat Company that built tugs and engaged in the tugboat business in the late nineteenth century. Those tugs gradually faded out of the picture, and the Bay Cities tugs were generally named after them.

The tugs of the Puget Sound Tug and Barge Company are generally named after stars or gods, like Neptune, Mars, Zeus, and so on.

The Shipowners and Merchants Tugboat Company tugs are generally named Sea Lion, Sea Fox, Sea Prince, Sea Wolf, with a "Sea" prefix.

Feingold: Getting back to San Pedro, what is the principal business that the tugs do there?

Crowley: Docking and undocking ships. That's what San Pedro Tugboat Company has traditionally done.

[John Jenkins comes in]

Jenkins: The #24 was one of the Red Stack tugs.

Crowley: Yes, I know what the #24 was.

Jenkins: And the other one we sold to Juan Perlo.

Crowley: The Ajax?

- Jenkins: First we were using it over at the harbor with United--
- Crowley: Yes, and then we sold her to Perlo. She was formerly the Crowley #9. After Columbia Construction rebuilt her, we put a different deckhouse on her and renamed her the Ajax.
- Jenkins: I think Juan Perlo has since sold it.
- Crowley: Down in Mexico?  
[John Jenkins leaves]
- Feingold: Do you do any barging in San Pedro Harbor?
- Crowley: Yes. United Towing Company has the San Pedro operation. They take care of all the barging of bulk petroleum in the harbor, and the bunkering of ships and so on. There's about eight or ten barges down there; and they have two tugs they use to tow those barges around with.

Crowley Launch and Tugboat Company's San Francisco Bay Operations

[Interview 4: May 2, 1973]

- Feingold: Is the San Pedro operation now the main operation of Crowley Launch and Tug?
- Crowley: San Pedro Tugboat Company is the only remaining operation of the Crowley Launch and Tugboat Company, because, in the early '30s, Crowley Launch and Tugboat Company was in the midst of a lot of labor problems and got a hell of a bad name in front of the unions.

Crowley Launch and Tugboat Company used to operate water taxis, and passenger boats, and small freight boats, and jitneys out of Pier 14. They also operated a couple of tugboats out of Oakland, small diesel tugs, and rented barges out on San Francisco Bay.

In 1938, we negotiated a deal with the Golden Gate International Exposition, that was to be held on Treasure Island in the year of 1939, celebrating the opening of the bridges. We negotiated a deal whereby we would run a passenger service out of Treasure Island around the Bay. We would have two services, one, a speedboat ride, and two, a cruise down to the Golden Gate Bridge and back. So we had a concession from the Golden Gate Exposition people.

Crowley: We built several vessels and refurbished others. We built the water taxis, Crowley #1 and #2, which were the first turbo-charged--the first super-charged Cummins diesel-powered boats.

Feingold: What kind of diesel powered boats?

Crowley: They're a Cummins engine, which is the common engine in powered trucks at that time. They've recently come out with a new development called supercharging, which meant that you connected a blower to the engine by a belt and blew extra air into the cylinders and then injected extra fuel and increased your horsepower output by about 40 percent. Their first super-charged engines came out about that time, and we needed that much power in these water taxis. We built these two water taxis and powered them with these super-charged Cummins engines.

These water taxis also had a round house on them with glass up the sides and curved around the top and so on, for taking people around the Bay, so they could look up under the bridge and see the Golden Gate Bridge and the San Francisco-Oakland Bay Bridge.

We also rebuilt a couple of double-deck excursion boats that my father had built in 1914 for the 1915 Panama Pacific International Exhibition that was held down on the Marina, celebrating the opening of the Panama Canal. We also bought four Chris-Craft speedboats to run over there.

We operated out of Treasure Island all during the fair. About the middle of 1939, the unions went out on strike on the Red Stack tugs, the big steam tugs, and they were still out on strike. As the summer came to a close, they decided to go out on strike against Crowley Launch and Tugboat Company purely out of sympathy, on October 1, 1939. Luckily, the fair closed September 30, 1939.

Feingold: That was good timing.

Crowley: Yes. We didn't do very well at the fair. We told the unions, and the people that were working there, that if they did call a sympathy strike or go out on strike, that would end the operations of Crowley Launch and Tugboat Company on San Francisco Bay, because by that time (although we didn't tell the unions this) Harbor Tug and Barge Company was successfully engaged in water taxi operations and tugboat operations and launch operations which were duplicating the operations of Crowley Launch and Tugboat Company.

Also, the Bay Cities Transportation Company was engaged in barging operations and towing operations which were also duplicative of the activities of Crowley Launch and Tugboat Company. Since

Crowley: both Bay Cities Transportation Company and Harbor Tug and Barge Company had a much better public relations approach with the unions, we deemed it advisable to just discontinue Crowley Launch and Tugboat Company's San Francisco operations, particularly when they were already being done by Harbor Tug and Barge Company and Bay Cities Transportation Company which we owned at that time.

Feingold: Did anyone else besides you know that Crowley owned the Harbor Tug and Barge and Bay Cities?

Crowley: My father.

Feingold: The unions didn't know that?

Crowley: The unions knew that we had an interest in Bay Cities Transportation. They did not know anything about Harbor Tug and Barge Company.

Feingold: How was it that those two companies had better relations with the unions?

Crowley: In the first place, the Harbor Tug and Barge Company had better relations with the unions because, first, it had been run by Dizzy Williams in the '20s who'd given the men everything they wanted, and secondly, from the early '30s on it was run by Con Kremmler[name may be misspelled] who was a very tactful, smooth, pleasant, kindly individual, who had a good line with chatter for the union.

Feingold: Was he one of the people before Crowley took it over?

Crowley: No, he was there. Crowley had put him in there, and he was supposed to be the whole cheese in the company running it for the Crocker Bank.

Thirdly, there was a fellow by the name of Joe Jerome, who had worked for the Harbor Tug and Barge Company for many years, who also was in the union hierarchy. Joe Jerome was very close to the union business agents. Well, he was very friendly and practically taken care of--

[interruption]

Joe Jerome was loyal to his company, and he was taken care of by his company, and he was in the union hierarchy. So the Harbor Tug and Barge was the fair-haired boy with the Marine Engineers Beneficial Association. It's just as simple as that, if you get the picture.



Crowley: Naturally, Jerome was happy to see all the fellows in Crowley Launch and Tugboat Company taken out of work by the union, because for years he had been working for the other company and his loyalties were to Harbor Tug and Barge Company. He was very anti-Crowley; when the guys working at Crowley got taken out of their jobs by the union, that made him happy as a clam.

Union politics are quite devious to say the least, and there are not that many people who really understand them. In fact, no one really knows lots of times how union politics developed, but there's a lot of pretty rough things done in the spirit of helping the underdog, which is a lot of baloney.

There are power struggles and lots of different things that go on in the union set ups. Why the unions will be anti-one company and pro-another will be kind of hard to figure out for the outsider, but to insiders there's always reasons. It usually has something to do with money.

Feingold: Why did Bay Cities have a better public image with the unions?

Crowley: Simply because of the fact that Art Wellington, who had run Bay Cities Transportation Company up to 1935, would give the unions everything under the sun, and he also was a pretty fast man with a buck. He got on their good side, so Bay Cities was their fair-haired boy. Whereas, my father ran Crowley.

In the '20s my father's half brothers were running Crowley. They were not very smart. They used to dish out an awful lot of guff and didn't treat people fairly and didn't really care what people thought. As a result, in the '20s Crowley had gotten somewhat of a bad name with the union.

In addition to that, at the time of the 1934 longshore strike, the shipowners selected the float at Pier 14, right in front of the Crowley office, as the place they would embark the strike breakers--

Feingold: On the Diana Dollar?

Crowley: To house on the two strike-breaking ships--I believe it was the Wilhelmina and the Diana Dollar.

The fellows would walk south from the Ferry Building, and they'd make it to the head of Pier 14, and they'd duck in on the dock and get into a water taxi and then be taken down to the strike-breaking ships. As a result, there were always a lot of cops around there and also pickets on the other side of the Embarcadero hollering at these guys and trying to stop them. On several

Crowley: occasions, there were some substantial riots, and the police headquartered themselves in our office there. The forays of the mounted policemen out against the pickets were quite active, a lot of clubs flying, a lot of bloody noses, and a lot of fighting.

In fact, there was one of the cops that was down there that had a very fine horse; one of the mounted cops. "Blackie" was the horse's name, and he was kind of a trained horse. I don't know whether you've seen the picture, but there's a picture of Willie Figari in the office, and the cop has the horse in the office saying hello to Willie.

Anyway, on one of the riot days, the cop took his horse Blackie out into the crowd. The horse would lean against the crowd trying to push it back, and some longshoreman broke a bottle and shoved it into the horse's face and cut the horse all up.

So, the cop rode his horse back into Pier 14 and tied him up. Then he went on foot--right through the police lines and through the pickets and went all the way across into a saloon on the Embarcadero. He got the guy by the scruff of the neck that had messed up his horse, and dragged him back through the crowd, across the street and he got him in back of a little shed on the dock and he started to beat the guy up. He would have killed him if the other cops hadn't pulled him off. He was just furious, just livid; he'd gone out of his head. All the longshoremen knew this because they could see him coming; he was a big guy and a husky guy.

He was all by himself; not a one of them would touch him because they knew he was just out of his head. He went and got this guy and beat the hell out of him. As I say, he went all the way through the mob, picked out one of the members and brought him all the way back, through the lines again, and brought him over and started beating him up. As I say, the other cops had to pull him off or he'd have killed the guy right there. He was mad.

I suppose that's not nice police action, but you really can't blame him. Police brutality, you know, is a terrible thing. Why the hell there isn't a lot more of it, I don't understand. I don't see how they can stand the guff that they take nowadays.

Anyway, those riots went on. On July 5th, 1934, there was a particularly difficult riot in front of the office there, and it got to be quite a battle. So the cops drove the pickets across the Embarcadero and on up Mission Street.

After they drove them a half a block up Mission, a couple of the longshoremen attacked some cops in a car there, and the cops shot them. That was the Mission Street Massacre you hear so much about.

Crowley: Every July 5th the longshoremen have a holiday celebrating the death of those longshoremen who gave their lives for their brothers in the struggle against imperialism.

Feingold: I think they call it Bloody Thursday.

Crowley: Yes, Bloody Thursday, that's right. Well, we were right in the thick of it. We had the opportunity to observe all these tactics going on, and here [was] the name Crowley Launch and Tugboat Company right on the front. You can well appreciate that Crowley Launch and Tugboat Company, after the 1934 strike, did not have a very good name with organized labor.

Feingold: My impression is that labor didn't forget anything from the '34 strike.

Crowley: Yes. So, it was just as well for Crowley Launch and Tugboat Company to go out of the operating business on San Francisco Bay, although the Crowley Launch and Tugboat Company continued to own tugs and barges and other pieces of equipment which it bareboat chartered to Bay Cities, San Pedro Tug, or whatever company.

As a result, the San Pedro Tugboat Company was the only remaining operation of Crowley Launch and Tugboat Company after the '39 strike. They struck Crowley Launch in 1939, purely out of sympathy for the fellows working on the Red Stack tugs, and although the men who had been working at Crowley Launch did not want to go out, the union made them go.

Feingold: Hadn't there been another strike in late '35?

Crowley: A tugboat strike or a longshore strike?

Feingold: A tugboat strike.

Crowley: No, or I don't remember. In 1934 the tugs were organized, and we signed a closed shop contract at the end of the 1934 strike, but I don't think they went on strike the following year. They may have gone on strike in '37; that sounds more like it. But I don't remember off hand. I can't keep track of all the strikes.

#### Captain Ernest Mohr

Feingold: You were also talking last week about Captain Ernest Mohr who was first sent down to take over San Pedro. I wondered if you yourself knew him and could comment a little about him.

Crowley: I could comment for hours on Ernie Mohr. I knew him well since I was a little boy. Then when I went to work on the tug, he was skipper on the tug, and I was a deckhand.

Captain Ernest Mohr started running a boat for my father back about the turn of the century or shortly thereafter. He and McGillivray were two of the so-called star operators of the double deckers, which were the Crowley #17 and the Crowley #18, which my father built in 1914 for the exposition on the Marina--they were excursion boats to run over there. They were brand new boats that were built by Lester Stone. McGillivray was the skipper of one of them, and Mohr was the skipper of the other. They had great rivalry between them to see which one could outdo the other one.

There's a famous story that McGillivray used to tell about how their two boats were coming up the front with a full load of passengers, a brass band on one of them. Mohr was on the outside, and he forced McGillivray in close to the dock and McGillivray bumped the end of the dock, and the guy with the French horn, or whatever it was, stumbled down the stairs and stuck his head in the horn or some damn thing like that.

Anyway, Mohr and McGillivray were great friends. After 1915, when my father bought the steam tug H.H. Buhne, later renamed the Sea Wolf, and operated her in competition with the Shipowners and Merchants Tugboat Company, Captain Mohr was skipper of the Buhne. Then when my father took over the Shipowners and Merchants Tugboat Company in 1918, both Mohr and McGillivray, who were the two top operators for Crowley Launch, went over to Shipowners and Merchants Tugboat Company as steam tugboat captains. They went along and became excellent tugboat captain pilots. They were natural-born boathandlers, and they did quite a job.

In 1923, my father picked Ernest Mohr to go down to San Pedro when they first started, but Mohr got sick and he replaced him with McGillivray. McGillivray was more of a happy-go-lucky sort of guy that was mainly interested in attractive girls, and Mohr was more of a down-to-earth, designing sort of a guy, with burning ambition to get ahead.

So, Mohr had to come back to San Francisco because of his health, and go back to being a tugboat captain. He continued to do a fine job, but was always disappointed by the fact that he was not able to get into the management of the company. Although he did an excellent job and was the top tugboat captain pilot on the Bay for many years, he more or less resented the fact that he hadn't been able to get into top management.



Crowley: In 1933, when I went to work on the tug, he was skipper of the tug and I got to know him pretty well. He was a very interesting person--aggressive, intelligent, highly ambitious. When World War II came along, he left the Shipowners and Merchants Tugboat Company to go to work as an independent Bay pilot, because there were tremendous opportunities on the Bay for independent Bay pilots because of the tremendous amount of traffic that was moving around and all kinds of tugs, such as navy, army and commercial tugs, available. He went into business for himself and continued in that business until he finally passed away--I don't remember now, but in the '60s.

Mohr passed away in the '60s sometime. He was very fond of horseback riding. He had a place up at Russian River and used to go up there a lot.

Anyway, Mohr died and McGillivray is still alive.

#### San Pedro and Long Beach Harbors

Feingold: Getting back to San Pedro, how does shipping down there at this point compare to up here?

Crowley: Normally, San Pedro has always been a great bunkering port. There's been a lot of oil in southern California. Oil is usually cheaper in San Pedro than it is here, and usually ships drop in there for bunkering before proceeding across the Pacific. Therefore, there's a lot of activity. There's always been a lot of ships come into San Pedro Harbor.

There are two harbors there, two ports. There's San Pedro, which is the Los Angeles Harbor Department within the city limits of Los Angeles; then there's the Port of Long Beach, which is in the city limits of Long Beach. Long Beach also has some off-shore oil wells, and a lot of the money from the off-shore oil wells is dedicated to use in the harbor. Therefore, Long Beach has spent many millions of dollars on improving their piers and facilities. They have built and bought themselves a harbor that is quite an extensive harbor.

They also have the problem in Long Beach that due to the fact they're sucking all the oil out from under the ground, all of Long Beach harbor is sinking down, including the Long Beach naval shipyard. As a result, that area has sunk roughly twenty-two feet. They've stabilized it by pumping huge quantities of water underground to where the oil wells were. They can't bring it up again; it's just sunk down twenty-two feet below sea level, below what it was.



Crowley: They have done a tremendous amount of filling in, rebuilding docks, and so on, in the Port of Long Beach, and they have a very fine harbor.

The work in Long Beach and San Pedro Harbor--both harbors are right adjacent to one another, so they're considered the same as far as towboat work is concerned. The tugs run over to Long Beach and they do a job, or they do a job in San Pedro, more or less interchangeably. There is a substantial amount of shipping in Long Beach--San Pedro and Long Beach--and statistics will show whether their harbor is bigger than ours or not. I would assume there's more ships and more activity in Los Angeles harbor than in our harbor.

They've also a relatively unlimited amount of funds to be able to spend on that, Long Beach getting the funds from the oil drilling and the oil production, and Los Angeles harbor getting the funds from the tax base of the city of Los Angeles, which is quite extensive.

Feingold: Then they're several steps ahead of San Francisco.

Crowley: Yes.

Feingold: I also came across a note that San Pedro Tug was operating a small barge with water tanks on it to carry water to ships at anchorage. Is that still going on?

Crowley: No, that's been discontinued several years ago. We used to supply water to the ships in the stream, because ships would generally come in for bunkers and they'd anchor in the outer harbor. They'd get fuel oil which we'd barge out to them, originally by the oil barges, and eventually by the United Towing Company's barges, and then they'd also have to pick up some water. We'd barge fresh water, and we did quite a business taking fresh water out to the ships at anchor.

In the last ten years, evaporators have become much more efficient. Now, most ships make their fresh water out of salt water.

Feingold: I also came across a note in the newspaper several weeks ago that the old ferry boat Berkeley over in Sausalito has been sold to the San Diego Maritime Museum and it's going to be towed down. I wondered if any one of the Crowley tugs was going to be doing that.

Crowley: We gave them a price the other day of \$11,000 to tow it down. Whether they'll take it or not or whether they get somebody else to do it--

Feingold: I see; they're just in the process of taking bids.

## VIII BAY CITIES TRANSPORTATION COMPANY

Origins of the Company

Feingold: In that case, let's move on to Bay Cities Transportation Company. Captain Figari talked a little bit about it in his interview. He mentioned that it was originally a company that was competitive with Crowley?

Crowley: Yes. Let me go back. In the '20s, I told you earlier, my father was spending most of his time up on California Street and not devoting an awful lot of activity to Crowley Launch and Tugboat Company. His two half-brothers, Dave and Jack, were running the company, and they were a couple of damn fools. They lost a lot of business, and things were going from bad to worse, and so on.

In the '20s there developed an opportunity of transportation of freight between San Francisco and Oakland by barge. The Bay Cities Transportation Company was formed by Lawrence Warehouse Company to perform this activity. They had a terminal in Oakland at the foot of Webster Street and a terminal in San Francisco at Pier 5. They instituted a service that they called "twice a day we bridge the Bay."

They would receive freight in Oakland and San Francisco--trucking concerns would bring the freight down--and then they would load the freight onto barges with a deck house on them, and these barges would travel over to Oakland or from Oakland to San Francisco. One barge went at noon, and one barge went at 5:00 in the afternoon. This was "twice a day we bridge the Bay."

At that time the ferries were running, and the sides of the houses were painted "Bay Cities Transportation Company--twice a day we bridge the Bay." This was how a good deal of the freight moved between San Francisco and Oakland.

Crowley: The Haslett Warehouse Company had a pickup and delivery service by truck from Oakland, or developed it in the '20s, and from San Francisco to Oakland. They would bring the Haslett freight down to the dock and load it on the barge, and it would be taken over by the Bay Cities barge and distributed by Haslett trucks on the other side of the Bay.

This all developed in the '20s after World War I, with the motor truck and improved methods of transportation. Crowley Launch did not get into it. But when my father came back to the waterfront in the early '30s, he began to see that this had usurped a substantial amount of business that Crowley used to do in just renting out barges to somebody that wanted to move freight across the Bay.

They looked around for an opportunity to get into the freight transportation business. There was a fellow by the name of Rideout. He used to run river steamers up to Oleum, Selby's, South Vallejo and Mare Island Navy Yard. There was a navy contract for hauling the navy freight from Mare Island down to San Francisco and from San Francisco up to Mare Island. This was before the days of the Carquinez Bridge.

Crowley Launch and Tugboat Company formed a company called the Pioneer Line--it was not a company but a division. The Pioneer Line was a freight line that would haul freight from San Francisco up to Union Oil Company dock at Oleum, the American Smelting and Refining smelter at Selby's, the Sperry Flour Company mill at South Vallejo and the Mare Island Navy Yard. There was a navy contract that came up every year. One year Pioneer Line bid it and got the navy contract. That started a regular freight transportation system division of Crowley Launch and Tugboat Company called the Pioneer Line.

In '34, when the waterfront got organized, Al Gibson, of Lawrence Warehouse, was the head of Bay Cities Transportation Company; and Art Wellington of Bay Cities Transportation Company was the manager. Due to the fact that management of Pioneer Line and Bay Cities Transportation were thrust together by mutual problems such as the National Industrial Recovery Act or the Code of Fair Competition for the water transportation business in San Francisco Bay, and the unions demanding closed shop agreements and so on and so forth, my father and Al Gibson were thrust together more or less by events.

On September 20, 1935, we bought a 50 percent interest in Bay Cities Transportation Company because it began to appear that by unifying the two operations they could be operated more economically. Later, in 1939 and '40, we bought the other 50 percent interest. Then we had Bay Cities Transportation perform all the common carrier

- Crowley: freight transportation system, and gradually phased the Pioneer Line out of business. In fact, this was the part of the business that Crowley Launch and Tugboat Company went out of with that October 1st strike in 1939.
- Feingold: Captain Figari also mentioned a Mr. Westman.
- Crowley: Walter Westman, yes. Walter Westman worked in the office for my father. I don't know when he started; I would say sometime around 1910 or thereabouts. He ran the Pioneer Line after it was organized and was in charge of the details of the freight handling business, which is a highly detailed business with tariffs, freight bills and claims and a lot of problems.
- Feingold: How many boats did Pioneer have?
- Crowley: Pioneer Line, in their run to Mare Island, had about three boats and six barges. Whenever they needed more towing equipment or barging equipment, they'd get it from Crowley Launch and Tugboat Company.
- Feingold: I think it was in the notes that you prepared on the history of Bay Cities that you mention that Lawrence sold 50 percent of its common stock and preferred stock to you?
- Crowley: Yes.
- Feingold: Was that one of your first business deals?
- Crowley: No. It was one of the early ones, yes.
- Feingold: What position were you in by that time?
- Crowley: I was the boss's son--had been since I was born. [laughter]
- Feingold: That's a pretty good position to be in. Was this just to use your name, or were you actually going to run half the show?
- Crowley: I was active in the activities of the company. I wasn't making the final decisions at that time; my father obviously was. I think I had some input. I did have an idea now and then--sometimes I was right, sometimes I was wrong, but he decided that.
- Feingold: I also noticed that in 1941, I think you mentioned, the rest of the stock was purchased from Lawrence Warehouse by you and your sister, I believe.
- Crowley: Yes.
- Feingold: Was it just, for her, in name only, or was she active?

Crowley: No, she was not at all active. I purchased the rest of the stock and then sold the 40 percent to her. My father wanted to see this because he felt that since her husband was not particularly well fixed, that she ought to have some substantial interest that would take care of her in case she needed it. The money that she used was money that she had gotten from the sale of some stock in a company that my father had given her, and then, fortuitously, later on the company liquidated and paid her a substantial amount of money which enabled her to buy this stock in Bay Cities Transportation Company.

She was never active in the business nor knew a damn thing about it.

Feingold: Her husband is involved?

Crowley: Yes, her husband, Casper Esher, went to work for the company around the beginning of the war, and he's been working here ever since.

Feingold: Captain Figari mentioned a couple of other names, Joe Swenson and Bob Malcolm and John Elliott.

Crowley: Yes. Joe Swenson, Bob Malcolm and Jack Elliott were all employees of Bay Cities Transportation Company before we ever had anything to do with it. Joe is still here, and Bob Malcolm and Jack Elliott are both retired.

Feingold: Were they just employees of the company or did they have administrative positions of any kind?

Crowley: No, they were just employees of the company. Joe was the operating manager and Bob Malcolm was in the accounting department, and so was Jack Elliott.

#### Barges and Tugs

Feingold: At the time you wrote that little history of Bay Cities, you mentioned that it owned eight tank barges, three tugs, a derrick barge and a Pacific barge. Is that still about right?

Crowley: About right.

Feingold: What's the difference between a derrick barge and a Pacific barge?

Crowley: I think I said Pacific Barge 3.



Feingold: Right. You actually listed them all by name.

Crowley: Was that in that corporate history business?

Feingold: Yes. [referring to his notes on the company's history]

Crowley: "Bay Cities formed the following subsidiary corporations"?

Feingold: Yes.

Crowley: Pacific Barge 3. Tank Barges 12, 14, 16, 17, and 18 are all ocean-going tank barges that operate on the Pacific coast. Tank Barge 15 is presently, and has for the past few years, been in molasses service in LA Harbor. Tank Barge 22 is a Bay barge that operates in San Francisco Bay; and Tank Barge 31--I don't know what piece of equipment it owns off hand but I'll try and look it up [looks in records]. Tank Barge 31 owned the barge Anchorage which was later sold. I think the Tank Barge 31 probably owns another barge now, but I can't remember which one.

Feingold: Anchorage was sold?

Crowley: The barge Anchorage was sold to Kaiser Cement Company

Feingold: You said in this history here that you had it chartered at one point as a cement barge to Permanente Steamship Corporation and I wondered if that was a subsidiary of Kaiser.

Crowley: Yes, that's right. Kaiser Cement and Gypsum. [checking records] Tank Barge 31 now owns a large car float, 400 by 76, and I'll give you the name of that in a minute. [checking records] Tank Barge 31 now owns the barge Cardova which is a 400 by 76 car float that runs between Seattle and Whittier, Alaska. Now, the question you asked was--

Feingold: Why is Pacific Barge 3 "Pacific barge" and not "tank barge" or "derrick barge"?

Crowley: All right. I told you someplace back about forming Pacific Barging Company in partnership with the Olsons. We built two barges, Pacific #1 and Pacific #2 that were flat deck barges that carried petroleum products below deck and lumber on deck. Then, after the Olsons double-crossed us, we got one of the barges and we formed a new company called Pacific Barge 3 to build a similar barge, which we built, Pacific Barge 3. She was a flat deck barge with bulk-petroleum-carrying capacity down below and cranes on deck for handling lumber or other commodities.

Crowley: Pacific Barge 3 was used extensively in the DEW line resupply job and then she was lost. The hawser broke and she went ashore. [checking records] Yes. The Pacific Barge 3 was lost in Alaska.

Then Pacific Barge 3 Corporation built a barge called Barge 101 which was a larger bulk petroleum transportation barge. She was about a 13,000 dead-weight-ton barge we used up in Puget Sound for a number of years, and then I'd better find out when she was built. [checks Record of American Bureau of Shipping, 1972] Barge 101 was built in 1968 and was used on Puget Sound for a number of years. Then it went back to the East Coast and engaged in the transportation of bulk petroleum on the Atlantic and Gulf coasts.

Then, in 1972, she was being loaded with a heavy chemical on the Mississippi River system and she broke in two. She was salvaged and the center section cut out of her and welded together. So she's now about 10,000 dead weight tons, and she's presently on her way back to the Pacific Coast to engage in bulk petroleum transportation on the Pacific Coast. She's due to arrive--well, she's on her way up the Pacific Coast to Seattle on the Pacific side. [checking book]

So that's what Pacific Barge 3 owns, and she's a conventional oil barge.

Feingold: Now how about Derrick Barge 7.

Crowley: Derrick Barge 7 owns a derrick barge which is chartered to Smith-Rice Derrick Barges, Inc. down in San Pedro. This barge operates in the heavy lift business in LA harbor.

Feingold: I assume the reason they are called derrick barges is they have derricks on them.

Crowley: Yes. It's a big A-frame derrick.

Feingold: You mentioned that the tugs Atlas and Valiant were chartered to Bay Cities for use on the Pacific Coast.

Crowley: Atlas and Valiant are chartered for use in Carquinez Straits; they dock tankers up in Carquinez Straits. The Tug Atlas is a corporation owned by Bay Cities Transportation Company and the tug is chartered to Bay Cities Transportation Company.

The Tug Trojan, Incorporated, is a corporation owned by Crowley Launch and Tugboat Company, and it has a tug Trojan which is the sister tug of the Atlas, which in turn is chartered to Bay Cities Transportation Company.

Feingold: They're all used in Carquinez?

- Crowley: The Atlas and Trojan are used in Carquinez Straits for docking tankers, and have been since they were built.
- Feingold: You also mentioned earlier that the tug Sea Hound was chartered to Crowley Launch and Tug for use in the San Pedro harbor and then you say "under the fictitious name of San Pedro Tugboat Company."
- Crowley: Yes. Crowley Launch and Tugboat Company is a California corporation and it does business in San Pedro harbor under the fictitious name of San Pedro Tugboat Company.
- Feingold: Why is that name fictitious?
- Crowley: Well, that's the term used by a corporation commissioner when a corporation does business under a name other than the corporate structure.
- Feingold: I see.
- Crowley: Well, you could call it San Pedro Tugboat Company division of Crowley Launch and Tugboat Company. That's doing business under a fictitious name because the corporate title is Crowley Launch and Tugboat Company, but you're doing business under a certain name.
- Feingold: I gather that Bay Cities no longer does freight barging?
- Crowley: No. That died out. With the San Francisco-Oakland Bay Bridge and the Golden Gate Bridge, and the ever-increasing cost of maritime labor on the Bay, freight barging gradually died out. We tried to revive it after World War II, and it didn't revive. It lost money for years, and we finally discontinued it altogether.
- Feingold: I imagine with the bridges that it would be hard to compete with them.
- Crowley: Yes.
- Feingold: What union are you dealing with, or were you, with bargemen? Is there a bargemen's union?
- Crowley: The bargemen who load and unload the barges were a local, a bargemen local of the ILWU. Originally the bargemen union--you see originally the longshoremen were ILA. When [Harry] Bridges came in, they formed a new union called the ILWU. The bargemen were still members of the ILA in 1934-35. Then finally they disaffiliated with the ILA and affiliated with the ILWU. They were gradually absorbed by Local 10 of the ILWU, and there's no more bargemen's local.

Feingold: I see. They're just part of Local 10.

Crowley: Yes.

### Barging Molasses

Feingold: Is there a molasses barge up here? The AMORCO?

Crowley: Yes. No, not the AMORCO. The AMORCO was a barge that was built by Tidewater Associated Oil Company for lightering off crude [oil] from tankers. Then Philips took over Tidewater and they stopped bringing in the foreign crude. They finally sold the barge AMORCO to Foss Launch and Tug Company, and she's now out in Honolulu.

We have a barge that operates on San Francisco Bay, and it barges molasses from along side the Matson ships at Oakland outer harbor and up at Crockett, either to the molasses storage at Point San Pablo, or the molasses storage at Stockton, California.

Feingold: I'm not familiar with the sugar traffic. Where's the molasses coming from or going to?

Crowley: The Hawaiian Islands produces about a million tons of sugar a year, raw sugar, and all the growers have a cooperative--there used to be a cooperative called the C and H Sugar Refining Company--California and Hawaiian Sugar Refining Company--who built a huge sugar refinery at Crockett, California.

The cane is milled down in the islands and raw sugar is produced down there. That raw sugar is shipped up to Crockett where it is refined into all different types of clean sugar.

The raw sugar mills in the Hawaiian Islands produce the molasses. The molasses has always been somewhat of a by-product and not very valuable. In recent years it's become fairly valuable as a cattle feed. They mix it with beet pulp from the sugar beets and feed it to the cattle. It's very high in iron and beneficial.

So, Matson, traditionally for many years, has been bringing molasses back from the Hawaiian Islands in the deep tanks of their ships. In the old days, when it didn't cost much to run a ship, they'd come in and discharge their cargo and then run up to Stockton and to Point San Pablo and pump out molasses.

Crowley: Now, since it's so costly to operate a ship, they find it's economically unsound to do this. So when the ship comes in, we put a barge along side and the ship pumps the molasses into the barge. Then the barge takes the molasses to stockton, or to Point San Pablo, as the case may be.

In San Pedro harbor, when the Matson ship comes in, we put the Barge 15 alongside, and they pump molasses into the 15. Then we take it over to the molasses dock and pump it ashore at the molasses dock. Or occasionally we take a load of molasses down to San Diego, which is one hundred miles down the coast, to Pacific Molasses Storage down there. Pacific Molasses is the company that buys the molasses from the C and H Sugar Refining Company, and then markets it in eleven western states.

#### Independent Iron Works--a Competitor?

Feingold: I have a note here from a clipping in one of your father's scrap-books. In 1948 a new shipping service was established in Oakland, pulling ocean-going barges and tugs, established by William Meagher and Henry Getty, Jr. owners of the Independent Iron Works?

Crowley: Yes, I remember that now. Yes.

Feingold: They purchased their first barge from the War Assets Administration, a large tug, Ocean Prince, formerly belonging to the navy.

Crowley: Right. Formerly belonging to the army. That died aborning. Independent Iron Works. They lost their shirt. They bought a great big old junk wooden barge from the war surplus and I think they made one or two trips and went bankrupt. They were running out to the Hawaiian Islands.

Feingold: What happened to the barge?

Crowley: I don't know—it was used as a breakwater someplace. All those old wooden barges that were built during World War II are totally useless, fantastic waste of government money, and later ended up as breakwaters usually in various places up and down the coast. A lot of them went to Canada, used as breakwaters for log storage in British Columbia.

Feingold: I wondered if they had become a competitor, but obviously they didn't.

Crowley: No, nothing to worry about there. No competition at all.



Feingold: And what about the tug, the Ocean Prince?

Crowley: The Ocean Prince. She was one of the LT class. I don't know where she went. I'll have to think about it; maybe I can look it up.  
[checks in Merchant Vessels in the United States]

Feingold: What's the LT class?

Crowley: The LT is a nomenclature used by the army for "large tug." The Ocean Prince, as I remember, was a steel LT, with a Fairbanks-Morse engine in it, and 1,250 horsepower, something like that. She was a pretty good boat. [checking book] She's the LT-59 ex-Ocean Prince, the Dauphin. She was built by Calumet Shipyards in 1944 with a Fairbanks-Morse 1,225 horsepower engine. She's now owned by the Gulf and Carribean Towing Company in New Orleans. She operates out of the Gulf of Mexico. She's not a bad hull, but 1,225 horsepower is too small to operate on the Pacific Coast as a commercial tug because the wages you pay the crew would choke a horse, and you can't do enough towing to make it economically sound.

This is the only boat they have. I don't know who they are, Gulf and Carribean Towing Company. Anyway, she was sold to the Gulf company.

#### Cargo Traffic on San Francisco Bay

Feingold: I was looking over a California Senate Report on shipping in the Bay which was rather old--it's from 1951--but I wondered how many of these things were still true. At that time, they said, the major products that were carried in boats around the Bay were refined sugar, rice, sand, gravel, crushed rock and petroleum.

Crowley: Yes. By 1951, practically all the commercial transportation of general cargo on San Francisco Bay was finished.

[interruption]

By that time, the barging had deteriorated to practically nothing. That statement is just about correct. The sugar movement that they mention in there is a movement from Crockett down to Richmond. This is somewhat of an artificial movement, because the Bay and River Navigation, which does the work, is a company that's owned by some of the directors and owners of the sugar plantations that in turn own C and H Sugar Refining Company.

C and H Sugar Refining Company ships a million tons a year of sugar out of its Crockett refinery to all over the west. It's served by the Southern Pacific Railroad and by trunk lines. If

Crowley: they load sugar in a rail car at Crockett, it goes to, say, Tucson, Arizona, at a certain quoted rate. But if a company is what's called an originating carrier on a joint through rail move, then it gets a percentage of the through rate. Bay and River Navigation is an originating carrier on joint through rates with the Atchison, Topeka, and Santa Fe and the Western Pacific Railroad, so that they get a percentage of the joint through rate.

When C and H ships, say, via Santa Fe, to Tucson, Arizona, they load the sugar at Crockett on to Bay and River Navigation boats, bring it down to Richmond, and load it into an Atchison, Topeka, and Santa Fe car.

For that move, Bay and River may get 50 percent of the through rate. If it's going a long distance, then 50 percent of the through rate is a hell of a lot more money than what the move is really worth. But C and H isn't paying a nickel more for it. That's coming out of the pockets of Atchison, Topeka, and Santa Fe, as part of the division that goes to the originating carrier.

It's a nice, cozy little deal where Bay and River Navigation Company can make very substantial profits as an originating carrier for those two major railroads. So long as they can get C and H Sugar Refining Company to ship the cargo via Bay and River Nav/Santa Fe Railroad, they can get exorbitant divisions from the railroads and show a hell of a profit.

For years, Bay and River Navigation has operated under that system. The directors, or sugar refiners, or whoever they are that own the company, have been collecting substantial dividends for many years from that little racket.

That's the only reason sugar moves by water on San Francisco Bay, because it's totally inefficient and could just as well be loaded into rail cars or trucks right at Crockett without having to be brought down to Richmond.

Now you say, "Well, why don't they load it into Southern Pacific cars at Crockett and then interchange with Santa Fe down at Richmond?" Well, why give that money to Southern Pacific? Why not take it and put it in your own pocket? So that's how that thing works.

The other items you read off were--

Feingold: Rice.

Crowley: Rice. That's bulk rice that moved from the rice growers' mill at Sacramento over to on board ships at Stockton, and it doesn't move in as large quantities any more because the Sacramento deep water channel has been dredged and ships run right up and pick up their rice direct.

There is a certain amount of bulk rice barged down because of the draft limitations on the Sacramento channel. They'll barge rice down here and load it into the ship to top her off and get a full cargo of rice. But there's a very minor amount of rice moved today. What were the other things?

Feingold: Sand, gravel, crushed rock and petroleum.

Crowley: Sand and crushed rock move to some degree. Gravel, there's no more gravel in this area anyway. Gravel is being washed up, so that doesn't move anymore.

The bulk petroleum continues to move but in a much more limited manner because of the refined products pipeline which I've gone into at some length.

#### World War II and the Tugboat Industry

Feingold: What general effect did World War II have on the tugboat business?

Crowley: During World War II there was a tremendous increase in tugboat work in the Bay because of the shipyards and because of all the military activity and the ships running around and so on. We were extremely busy all during the war. The navy did a lot of work. They built tugs, and the army built tugs and did a tremendous amount of work. There was a tremendous amount of tugboat activity in San Francisco Bay during the war.

The commercial companies had to get by as best they could with the old junk they had prior to the war because there was no chance of building any new tugs during the war; they all went to the military. The military, needless to say, did not use their equipment very effectively, so, one commercial tug was worth about ten military tugs as far as getting jobs done is concerned.

With the cessation of the war activities, the business dropped off again, and in a few years it was back again to normal. Also in a few years, the government sold a large number of their war surplus tugs which were bought by the commercial tugboat companies and enabled the commercial tugboat companies, such as Shipowners

Crowley: and Merchants Tugboat Company, to convert from steam tugs to diesel tugs. So there was a complete replacement of the old steam tug fleet at the end of World War II with war surplus diesel tugs.  
[interruption]

There was a certain amount of ocean towing of war surplus equipment around after the war. We towed a bunch of LST's from the West Coast down to the Gulf with some of these single-screw mikis. The revival in the tugboat fleet of the United States, by purchasing war surplus equipment in the late '40s, carried practically all the tugboat companies through the '60s, or into the '60s, with new modern floating equipment.

The same thing happened in the '20s, at the end of World War I. In the '60s, we never had a World War III and the government never entered into a great tugboat building program. As a result, there have been comparatively few new tug-building programs by the government and sales at ten cents on the dollar.

All the tugboat companies in the United States are having to build new equipment now, which is quite a drain and quite a financial problem. It separates the men from the boys and it also reduces the amount of tugboat work that can be done at an inexpensive price, because if you have to pay one hundred cents on the dollar for a tugboat instead of ten cents on the dollar, that raises the cost of tugboating pretty high.

#### Comments on the State of the Shipping Industry

Feingold: Are all your tugs in use now around the Bay?

Crowley: No, we have quite a bit of excess capacity for ship docking and tugboat work--I would say we could do at least three times the amount of work we're doing now.

Feingold: Does that reflect the general state of the shipping industry?

Crowley: Yes, that reflects the general state of the shipping industry, and also the shipping industry is in a tremendous transitional stage. The shipping industry is moving from--in the last ten years they've moved from break bulk to containerization. Now they're moving into third generation container ships, which are huge ships that carry huge numbers of containers.

The tankers, as you well know, are moving into very large crew carriers, very much bigger ships. All the ships are getting bigger and bigger. The smaller ships--conventional 10,000 dead weight ton

Crowley: ships--they're quite a few of them still around, but it is predicted that in the next five to ten years they'll disappear like flies because they cannot compete, with a small ship, against a great big ship.

A great big ship, if it's going to run--across the Pacific or inter-coastally or wherever it's going to run--you got to fill it up, because you can't afford to run it half empty. This is going to drain the cargo away from so-called small ships.

This in turn will have a tremendous impact on the tugboat business because there will be a lot less tugboat work. But the ships that use tugs will be much bigger ships and require extremely powerful tugs.

Feingold: Is that going to mean a certain amount of new tug building?

Crowley: Yes and no. There will be some new tugs built, but generally speaking what happens is that we started building new tugs in the early '60s, and we take some of those tugs we built at that time for ocean-going tugs, and convert them into harbor tugs, and then build new ocean-going tugs of a still bigger size.



## IX BULK HANDLERS INCORPORATED

Feingold: Moving on to Bulk Handlers Incorporated--

Crowley: Yes. Bulk Handlers was formed by ourselves and Marine Terminal's Company, a stevedoring outfit, for the purpose of outfitting a barge with sucking and blowing equipment for taking bulk copra off of ships in San Francisco Bay mechanically and saving a lot of stevedoring costs.

We took an LSM hull, which is about a 205 foot hull by 34 foot beam, and equipped it with a big diesel engine and blowers and bulk moving equipment in 1954. It was 50 percent owned by Marine Terminals and 50 percent owned by Thomas B. Crowley. The equipment did an excellent job of changing the method of taking copra off of ships.

But Cargill, who was the outfit that crushed the copra, became unsympathetic when they discovered that if the ship discharged her copra cargo into a barge while she was discharging other cargo at a pier, and then the barge later pumped it into the crushing plant, that Cargill would lose the revenue from renting out their copra-blowing plant that they had on the dock at their own terminal. Since they charged very high rates to the shipowner for the use of the copra-blowing equipment they had on the dock, this, in effect, gave them a rebate on the ocean freight rate. When they started to miss the rebate on the ocean freight rate, they said, "The hell with this. We're not going to let you steamship companies take the copra off away from our dock while you're handling general cargo. You come into our dock and handle general cargo."

The steamship company says, "It's much more economical for us to do this, and we would like to do it." They said, "We don't give a damn what you want to do. We want to rent these blowers." So, one of the American steamship companies said, "We're not going

Crowley: to do it your way." They said, "All right. We're not going to ship the copra via you." They shipped it on other lines, and then the other lines went into the copra docks.

That was the beginning of the end of the handling of bulk copra by much more efficient means and much more economically than could be done in the conventional manner. The barge didn't get much work from then on in, and the barge was finally dismantled and sold.

Cargill got their rental on their blowers up until recent years. In recent years, they've been crushing the copra over in the Philippines, and therefore only a very limited amount of copra is crushed in this country and they ship the oil over here now. So that eliminated the whole business.

Feingold: So Bulk Handlers doesn't exist anymore?

Crowley: Bulk Handlers still exists as a corporation. Since it was a member of PMA [Pacific Maritime Association], it does a certain amount of stevedoring work both in the Pacific Northwest and in Alaska, because it's a member of PMA and is a party to the coastwise stevedoring contacts.

We had bought out Marine Terminals so we own Bulk Handlers 100 percent, and it's just used as a company for doing stevedore work.

Feingold: I see. What's an LSM?

Crowley: An LSM is a landing ship medium, a naval vessel designed and built in large numbers during World War II, 204 feet long, 34 foot beam, and with a ramp at the front end which lowers down to allow tanks on the main deck to run ashore.

LST's are landing ship tanks; those are 310 foot vessels. LSM is landing ship medium, and they're both similar types of vessels for putting tanks on the beach, trucks, and artillery and stuff like that. They're shallow draft [ships]. After the war they converted into handy barges for use in the Bay Area carrying about a thousand tons.

Since that time, they've become economically unsound because you can't make a go of a cargo barge carrying a thousand tons; it's got to carry more cargo. So the LSM's are just about finished as far as being used as barges in harbors, in addition to the fact that they're pretty well worn out anyway.

Feingold: Are there any special problems of handling copra?

Crowley: Oh, yes. It's a very difficult cargo to handle in that it comes in chunks varying from the size of your fist to little bits. What it really is is the dried insides of a coconut. It's very oily, very dirty, very smelly. Once it's packed in a lot, it sticks together and it's a difficult cargo to handle.

The way they take it out of ships is that they have these big suckers, big vacuum cleaners, and they lower a hose down into the hold of the ship. Then the stevedores go down there with picks and pick the copra out of the pile and bring it over to the hose where it sucks up into the plant.

One of the problems was manhandling the hose and picking it up by hand was a lot of hard work and required a lot of men. Our theory was that when we got this barge that could suck the cargo out of the ship, we also devised a little crawler tractor that would be attached to the end of the hose. It would go around and mechanically pick the copra out of the pile, and then the hose would suck it up.

We devised a pretty good system for doing this. But the longshoremen weren't too enthusiastic about it--although they did go along with the labor-saving device--they weren't too enthusiastic about it. Then when Cargill put the clamps on it by insisting that they get the rental for their blowers and the hell with the shipowner, it died away.

It's not a very good reflection on industry, but frankly we have run into problems. You have almost as much trouble with competitive businesses as you do with labor unions when you're trying to introduce a more efficient way of doing things.

We ran into this problem very seriously in attempting to introduce our new simplified and lower-manning requirements on our ocean-going tugs in 1965. We designed and built some 3,000-horsepower tugs in a simplified fashion that we could man with a full ocean-going crew of eight men, where the existing tugs required a crew of twelve men. The unions cooperated with us pretty well in connection with this, but our competitors Foss Launch and Tug Company, put up a terrible beef with the unions and fought the thing, and demanded the unions not allow us to operate these tugs with eight men.

This battle continued for several years, until we finally got Crown Zellerbach, who had automated one of their tugs, to tell Foss Company to get some sense in their head and go for a lower manning scale. Now the standard manning scale on the coast is our eight-man crew.

Feingold: Foss would listen to Crown Zellerbach but they wouldn't listen to you?

Crowley: Yes, because Crown Zellerbach gave them several million dollars a year worth of business.

Feingold: I see.

Crowley: But they wouldn't listen until Crown Zellerbach told them what to do.

## X SMITH-RICE COMPANIES

### Origins and Growth of the Companies

Feingold: Could you tell me about Smith-Rice Derrick Barges, Inc.?

Crowley: All right. Smith-Rice Derrick Barges, Inc. At the end of World War I--well, before World War I--my father and Crowley Launch and Tugboat Company had various derrick barges--small barges with an A-frame and a boom on them that could lift cargo on to a lighter or off a lighter.

During World War I, he built a large, heavy lift derrick barge that would lift a hundred tons, the Crowley #3. He engaged in the heavy lift business in San Francisco Bay through the '20s in competition with the Havaside Company and the Smith-Rice Company.

The Havaside Company also was in the ship chandlery business, and they had some big derrick barges. The Smith-Rice Company was the remains of a rigging company that had been started in the 19th century by Charlie Rice's father. Charlie Rice came into the business as a boy. In the late '20s—I'd say Charlie was in his mid-40s--no, he was probably in his early 40s in the late '20s.

The crash came and business was very poor. There wasn't enough business to support the three derrick barge companies in the Bay. So, Charlie Rice got together with my father and they formed a new company that they called Smith-Rice Company, which was 50 percent owned by my father and 50 percent owned by Charlie Rice. Charlie put his derricks into it; my father put his derricks in. So, they operated through the '30s as Smith-Rice Company.

Charlie was a good rigger but a bum businessman. He'd spend money like it was going out of style. My father wasn't much of a rigger but he was a good businessman. He wouldn't let Charlie



Crowley: spend money at all. By the late '30s, there was a basic philosophic difference in the operation of the company, in that my father wanted to run it economically and Charlie wanted to run it uneconomically.

Times were pretty tough in the '30s. My father cancelled all the insurance, because we couldn't afford to pay the insurance premiums, so we didn't have any insurance on any of our floating equipment.

In about 1937 or 1938, Charlie got a job for one of the Smith-Rice derrick barges to go up and scrap a ship up near Antioch. Smith-Rice #2, which had been his derrick, had been laid up in Oakland Creek for a number of years and hadn't done much of anything, because the Smith-Rice #3 could do all the work that was available. So Charlie broke out Smith-Rice #2 and, for a very cheap rental, sent her up the river.

While she was being towed up the river, an old engineer, who was reputed to be a hop-head, was firing up the boiler, and the rig caught fire. She made a beautiful torch in the middle of San Pablo Bay during the night. They towed her up into the mud flats and she burned to the ground; she was a total loss. She burned completely. She was a wooden barge with a wooden hull.

Charlie called my father about two in the morning. He said, "My god, we're ruined." Dad said, "What's the matter?" He said, "Smith-Rice #2 burned up." He said, "What the hell are you kicking about; it's no goddamn good anyway. You've had her laid up in Oakland Creek for years." He said, "But I've got all my gear aboard, my rope, my line, rigging gear, blocks and tackles and everything." Dad said, "Well, what the hell difference does it make; you never use it anyway."

Anyway, Charlie was just broken hearted and he was crying crocodile tears around the office for about two days. My father said, "Oh, for Christ's sake, what the hell difference does it make; we haven't used the derrick at all. The #3 will do all the work." Charlie kept moaning and groaning and he was really sick about it. So, Dad said, "Well, don't worry about it; what difference does it make?"

Charlie then finally, the third day after the fire, said, "I only had \$60,000 worth of fire insurance on it." My father went sixteen feet in the air. He said, "My God, you had some insurance on that thing?" [laughter] Charlie said, "Yes; I was carrying it myself and paying the premiums." Dad said, "What the hell are you crying about that thing burning up for, I can't figure it out."

Crowley: Charlie collected the \$60,000--I think it was \$60,000--insurance money. It was a hell of a lot of money in those days. Maybe it was \$30,000, but it was a lot of dough. Charlie got his money. My dad said, "Oh, my God. This is unbelievable."

Anyway, Charlie and my father had their differences of opinion. Finally, Charlie said, "I would like to run the company a little more extravagantly--buy more things and sell them." Dad said, "The hell with that; you're not making enough money to do it," and so on and so forth. Finally Charlie said, "Look, I got this \$60,000 in cash. Will you sell me your half interest in Smith-Rice Company for the cash?" My father said, "Well, you ought to have your head examined for offering it, but I'd have to have my head examined for not accepting it."

He took the money, which was very much appreciated to say the least; then Charlie owned 100 percent of Smith-Rice Company. Charlie continued on in business when World War II struck. Then the guns, tanks, planes, bombs and whatnot that had to be shipped out of this port were lifted by Haviside Company and Smith-Rice Company with their big derricks.

They minted money for those four or five war years; they made a tremendous amount of money. In fact, they paid fantastic taxes because the taxes were 85 percent of the profits. But they also re-negotiated eventually. In any event, they made a lot of money; they did very well.

At the end of World War II a lot of derrick barges that were built by the government were put up for sale. That's how Bay Cities Transportation Company happened to buy Derrick Barge #7. It was a war surplus derrick, a beautiful big steel derrick. Bay Cities bought with the idea of--well, it's a good investment.

After World War II, Merritt-Chapman-Scott, who had been in the derrick barge business in Los Angeles-Long Beach harbor, decided that they would take their big derrick barge back to the East Coast and concentrate their activities on the East Coast. Therefore, there was no derrick barge service available in Los Angeles-Long Beach harbor.

Charlie came to me one day and he said, "I'd like to start a derrick barge business down there but I don't want to take the risk of going in it all by myself. Will you go fifty-fifty with me?" I said, "Okay." So we started a new company called Smith-Rice Derrick Barges, Incorporated, 50 percent owned by us and 50 percent owned by Charlie Rice.

Crowley: We put some more surplus derricks down there and we engaged in the derrick barge and construction, dredging business, and we still do. To this day, we have a 50 percent ownership in the Smith-Rice Derrick Barges, Incorporated, operating in southern California-- Los Angeles, Long Beach, and San Diego harbor, and the Rices own 100 percent of Smith-Rice Company in San Francisco Bay. Charlie has died. Bud Rice, his son, has taken his place, and does a good job, and is a hell of a lot more economical than Charlie ever was.

Feingold: How many boats do they own in San Francisco Bay?

Crowley: How many derricks do they have there? Oh, I would say a half dozen. They have derrick barges and also dump barges. Smith-Rice Derrick Barges has say a half a dozen and a couple of dump barges down in Southern California also. So they do dredging and heavy lift work and some contracting work.

The Smith-Rice Derrick Barge's best derrick, which is a rig they built about six or eight years ago, has been chartered to Santa Fe International now for three or four years, and it's out in the Persian Gulf at the present time, working out there under bareboat charter.

Feingold: You mentioned earlier that one of the derricks, or several of them, are working in the Persian Gulf, Alaska and Korea.

Crowley: No. #21 is the one that went to Alaska after she was built, then she went to Korea, then she went to Singapore and then to the Persian Gulf. She's still in the Persian Gulf. None of the others are out of the country.

Feingold: Do either of these companies do dredging and heavy lift work in other ports?

Crowley: The Smith-Rice Company confines itself to the San Francisco Bay. Smith-Rice Derrick Barges, Incorporated confines itself to LA-Long Beach harbor, and San Diego. They do work along the coast as well. Most of the coastwise work is done by Smith-Rice Derrick Barges because they have ocean-going derrick barges. They work on submarine pipelines and borings and whatnot up and down the Pacific Coast.

There are a lot of places on the Pacific Coast where there is a pipeline that runs out on the ocean floor to a hose and a buoy, and then their mooring buoys around the end; then a tanker will come in, pick up the mooring buoys and pick up the hose and pump petroleum ashore or take petroleum out through the line.

Salvage Work

Feingold: According to clippings in your father's scrapbook, Merritt-Chapman-Scott were at one time a salvaging operation. Has the salvaging operation been continued?

Crowley: No. When they discontinued their activities out here shortly after World War II, they took their derrick barge back east; we set up Smith-Rice Derrick Barges, Incorporated down south; and we did all the heavy lift work. They did continue to remain in the salvage business because the navy had gotten a bill through Congress that provided for the navy using commercial people to subsidize salvage equipment on the coast of the United States.

The navy made a cost-plus contract with Merritt-Chapman-Scott to operate the navy salvage tug gear with civilian crews out of San Pedro harbor to engage in salvage for naval vessels as well as commercial vessels if there was no other commercial service available.

Most of the major commercial salvage jobs that occurred off the southern California coast in subsequent years were performed by commercial salvage services, such as Smith-Rice Derrick Barges, San Pedro Tugboat Company, Pacific Towboat and Salvage, and so on. The navy's theory of subsidizing commercial salvage was not very realistic. But nonetheless, the fact is that the navy gets huge appropriations and they are still doing it.

Merritt-Chapman finally decided that they weren't getting enough out of the salvage contract, so they dumped it and Phil Murphy of Murphy Pacific Tugboat Company picked it up. Phil Murphy developed it to a fine art whereby he formed a stock company called Murphy Pacific Salvage Company with no assets and sold stock to the public and floated it on the American Stock Exchange and he owned, or a company that he had an interest in, owned 26 percent of it, and the rest was owned by John Q. Public.

He bought Haviside Company's derrick barges in order to claim that he was a salvage expert in the salvage business, because Haviside had had a long history of salvage work, some successful, some unsuccessful.

In any event, Phil Murphy had this navy contract. Then he devised the idea of hiring all retired naval salvage personnel. After they retired from the navy salvage, they'd go to work for Murphy Pacific Salvage at a good fat salary. So, the Murphy Pacific Salvage Company is a fair-haired boy with the United States Navy for reasons best figured out for yourself.



Crowley: Every year they have had the contract from the navy for manning this tug gear, getting their overhead paid and getting a \$40,000 annual fee for the service. To be perfectly frank with you, it's not worth \$40,000 to go through all the trouble and rigamarole that it's necessary to do with the navy. But Murphy-Pacific Salvage Company does it successfully because they charge 100 percent of the overhead to the navy and everything else. It's quite a boondoggle to say the least, but, however, the less said about it, the better.

Feingold: None of your firms are engaged in salvage work?

Crowley: We will engage in salvage work if it appears to be profitable. In recent years, the cost of going on a salvage job is so great, and the damage is usually so severe to the salvaged piece of equipment, that the salvage value is so low that the award you get for the salvage service is less than your costs, so why the hell did you go to all that trouble in the first place?

If there appears to be an opportunity to salvage a vessel in a hurry with a tug at no considerable expense, we'll go ahead and do it. If it looks like a long, difficult, tedious job, we'll say, "Oh, the hell with it. Let somebody else do it."

Also, today with all the pollution and environmental problems, even if a big salvage job came along that looked like it would be highly profitable, we'd be very reluctant to go on the job because of the fact that we'd probably be liable for huge pollution damages from the oil from the ship. Whenever a ship goes ashore, it always releases fantastic quantities of oil, heavy fuel oil that's in the double bottom. It dirties the beach up for miles around. This would cause fantastic liabilities today.

Feingold: They would blame you for that, rather than the ship?

Crowley: Oh, sure, yes. The Environmental Policy Act and the Environmentalists and the clean-up authorities will make anybody associated with any oil spill pay for it, whether at fault or not. Union Oil Company paid for cleaning up a hell of a lot of oil that was coming out of natural seeps in the bottom, from the Santa Barbara channel. They'd been coming up for years, but Union Oil cleaned a lot of that stuff up, because everybody knew they were liable, and that was that; there was no arguing about it.

As far as that Standard Oil spill that occurred here, it's no common knowledge, but a lot of the oil that was spilled is the fault of the Coast Guard.

Feingold: How so?



Crowley: Well, the ships came together at 2:00 in the morning, or something like that, and Captain Stevens, the port captain of Standard Oil, got out on the job within an hour. When he got there, he found a young Coast Guard Lieutenant on the brig of the Standard Oil tanker saying, "Keep the ship in the hole." Stevens said, "What the hell is leaking out, we're spilling tremendous quantities of oil. The thing to do is to back the ship out of the hole, and put a boom around there, to stop the oil from flowing."

The Coast Guard fellow said, "I'm in charge and this is the way I think it should be done. I'm holding the ship in there to plug up the flow of oil." Stevens said, "Well, for Christ's sake, look over the side and see the oil pouring out. That's no plug; that's ridiculous." The master of the ship had been saying this before Stevens got there. One of our tubgoat captains was out there and he said, "Jesus Christ, what a mess this is."

Anyway, Stevens got on the radio phone and he finally got the commandant of the Coast Guard. He said, "You've got some idiot out here that's really making a mess of this situation. Get somebody out here that's got some brains to work it out." So at 9:00 in the morning, they finally got a senior Coast Guard officer out there and he said, "Oh, my God. Back it out and put the boom around it," which they did.

This--conservatively, according to Standard Oil--practical people who don't give a damn about the cost; it's nothing to them--they feel that something between ten and twenty thousand barrels of oil was needlessly spilled because of the Coast Guard action.

Now, there they were with a problem. They're damned by the papers for ruining all the birds and so on. If they said it was a goddamn fool from the Coast Guard, then the Coast Guard would have said, "Absolutely not. It's your fault, you bastards, you did this." It would have been a real battle. So Standard, in its own inimitable, tactful manner said absolutely nothing about it, and said, "We're responsible; we'll clean it up." They didn't try to blame it on anybody.

The spill was twice as bad as what it should have been because of the activities of the Coast Guard, and it's never come to light. When you read something about these large corporations having no social consciousness, it isn't all true what you read, because they do and they're in a very difficult position. It doesn't make a damn bit of difference what they say; the reporters and the public will twist it around anyway they want to.

Feingold: Even if Standard Oil had said that it was the Coast Guard's fault, I suppose everyone would have said, "Oh, well, you're just trying to pass the buck. Everyone tries to pass the buck on to the government."

Crowley: Fred Hartley, who is a very short-spoken guy and president of Union Oil--not the kind of guy who is as tactful as the Standard Oil people--when they had the spill down in Santa Barbara channel, and they killed a bunch of birds (somebody complained that they killed 1,126 birds) Fred Hartley made the statement, "What kind of a comparison are we talking about, killing 50,000 people on the highway every year versus a few birds." So the newspaper came out and said that Fred Hartley said, "What the hell difference does it make if you kill a few birds with oil; it doesn't make any difference."

It was taken completely out of context. He was merely comparing the catastrophe that you run into every day with human beings on the highway as compared with this catastrophe which was nothing. Every day that the oil was flowing around there, the slaughter on the highways was going on and on, and you didn't see a thing about that in the papers. But here you saw the papers filled with the fact that we'd killed 1,100 birds.

It's a valid comparison, I think. But if you're quoted out of context, you're better off saying nothing, just keeping your mouth shut.

Feingold: It looks like Standard Oil was smart to keep its mouth shut.

Crowley: You can call it smartness, or you can call it "no guts" depending on your outlook. It's all very well to say that we all ought to be smart and say nothing, but who knows? The oil companies are faced with the problem today, and have been for the past several years, as to petroleum shortage. What are they going to say? What are they going to do? Are they going to say we're out of petroleum? Then people are going to say, "Oh, my God. They're just trying to boost the price up on us." Or are they just going to keep their mouth shut; when you drive up to the service station and find there isn't any more gas in the pump, then you'll say, "Gee, maybe we ought to have rationing." They'll say, "Okay, have rationing." They're not going to insist on rationing; they're going to let the public demand rationing, the way I see it.

We are running out of petroleum because of the ridiculous policies conducted by the Federal Power Commission over the past fifteen years in the name of benefit to the consumer. It's not been a benefit to the consumer at all; it's just been a tragic waste of natural gas for fifteen years. Everybody in the industry has said the same thing, but what the hell could you do about it?

## XI PACIFIC DRY DOCK AND REPAIR COMPANY

[Interview 5: May 23, 1973]

Origins of the Company

Feingold: This week let's talk about Pacific Dry Dock and Repair.

Crowley: In 1912, the Crowley Launch and Tugboat Company leased a piece of property over in Brooklyn Basin in Oakland and built a small shipyard for dry-docking, cleaning, painting and repairing the tugs and barges of Crowley Launch and Tugboat Company.

The land it was located on belonged to the City of Oakland but had been put under a long-term lease to a fellow by the name of [Horace W.] Carpenter who had agreed with the early city management to lease all the Oakland waterfront property and develop a port in Oakland. The Carpenter lease is a very interesting history in the annals of California as to how the city lost jurisdiction of its waterfront over there. It went through the courts.

In any event, Carpenter leased a piece of it to a partnership by the name of Breed and Bancroft; then Breed and Bancroft in turn leased it to Crowley Launch and Tugboat Company. Crowley Shipyards were started over there. They built one marine railway and a dock and a mill for doing woodworking. It was called Crowley Shipyards.

That went along from about 1912.

Feingold: Did they service other tugs besides Crowley's?

Crowley: At first they only did work on Crowley's equipment. When World War I came along, they did work on anybody's equipment because there was a tremendous demand for shipyard services during World War I, and so they did repair work on all kinds of vessels.

Crowley: In the '20s it continued along. I worked over there in the summer of 1931. By that time it had two marine railways, a machine shop, mill, pipe fitting shop and so on.

In 1935 my father and I started a new corporation called Pacific Dry Dock and Repair Company. The Pacific Dry Dock and Repair Company purchased the lease and the facilities from Crowley Launch and Tugboat Company and proceeded to operate as a separate corporation--a separate operation completely from what had been known as Crowley Shipyard.

Feingold: Why was that decision made?

Crowley: That decision was made because it had always been difficult to get the operating people in Crowley Launch and Tugboat Company to look after the maintenance of their equipment. Any time anything got in trouble they would say, "Send it to the yard and fix it." A shipyard operated as an adjunct of a tugboat company can spend money like it's going out of style fixing things up, because the crews of the boats and the maintenance men on the boats and so on say, "Well, if something goes wrong, send it to the shipyard."

They send the boat over there and they say, "Now, fix it." You say, "Well, what's wrong." "We don't know but it doesn't run; you figure it out." Fix it because it's Crowley Shipyard. As a result, it became quite apparent that it would be a much more economical way to run the shipyard as a completely separate organization managed by a competent shipyard manager who is held responsible for keeping the cost down and performing services.

Also, the Pacific Dry Dock and Repair Company would send bills to Crowley Launch and Tugboat Company for services. Then the operating manager would look at the bill and say, "He's robbing me; this is too high." Then they would attempt to do things to keep the cost of repairs down to a reasonable figure. So long as it was part of Crowley Launch and Tugboat Company there was no billing from the shipyard to the boat--it was just part of the expense of Crowley Launch and Tugboat Company--and as a result a lot of money was wasted.

Feingold: That would ultimately reflect back on the responsibility of the people running the tugs, wouldn't it? I mean, under the old system, they might be a little more lax in the upkeep of the boats.

Crowley: Yes. They didn't give a damn. They'd go over to the shipyard and say, "Engine's making noises. Fix it." "What's the matter?" "Oh, I don't know; you can trace it down." In other words, they wouldn't have to work on it. They'd just have the shipyard work on it.



Crowley: They'd also go to the shipyard and say, "I want a new set of wrenches." They'd take all the rope and paint and supplies out of the shipyard as it was because it was part of Crowley Launch and Tugboat Company, and what difference did it make?

When it got to be a separate corporation and the people there were responsible entirely for the operation and the financial well being of the company, they didn't give anybody a can of paint or a nail or a bolt or anything else without charging for it. This had been a problem all during the '20s and the early '30s because everybody just considered that the shipyard was a place where they got things fixed and they got supplies and could get anything they wanted.

Starting in September, 1935, was the commencement of the operation of Pacific Dry Dock and Repair Company. The old lease continued on, and there was a lot of lawsuits and whatnot in connection with it.

Feingold: What about?

Crowley: Because the Port of Oakland claimed that the lease between Carpenter and the city council had been fraudulently made back in 18-something or other, and therefore the leases should be renegotiated and so on. I remember we had a twenty-five-year lease with an option for another twenty-five years. We forfeited the option for the second twenty-five years because it was legally untenable anyway, and entered into a new lease with the Port of Oakland in 1940.

In 1940, I believe we were on a twenty-five-year lease; we made a twenty-five-year lease with the Port of Oakland for Pacific Dry Dock and Repair Company. Also, about that time--shortly thereafter--they started to build a freeway through the yard. We had to move the machine shop down and the marine railways down, and we did quite an extensive rebuilding job. The shipyard is located right beside the freeway over there.

Feingold: Just coming off the bridge?

Crowley: No. When you come off the bridge, then you start to go down to East Oakland. The freeway runs past Ninth Avenue terminal. It goes over Lake Merritt--at least a stream leading into Lake Merritt--then it comes down and goes along the flat there and it passes a Chris-Craft boat place there in the yacht harbor. Then it passes a Pacific Dry Dock and Repair Company.

Pacific Dry Dock and Repair Company used to extend all the way back into where the freeway is now.



Feingold: I assume that Oakland finally worked out its problems with the Carpenter lease?

Crowley: Oh, yes, that was all settled. In fact, our twenty-five-year lease expired in 1965, and we renewed it for another twenty-five years in 1965. We're probably there till 1985.

Feingold: What function does a marine railway serve?

Crowley: A marine railway is an inclined set of tracks that go down into the water. You put a boat into a cradle--there's a cradle that runs up and down the tracks--and you run the cradle down, put the boat in the cradle, and then pull the cradle up and pull the boat up out of the water. That dry docks the vessel.

Feingold: I see. Then you don't have to pump water out afterwards.

Crowley: No. A graving dock is where you pump water out, and a floating dry dock is a big barge with sidewalls that you flood with water and it sinks down and you float the vessel in there and then you pump it out and it raises up and lifts the vessel. Most of the big dry docks are floating dry docks. The great big dry docks, like San Francisco Naval Shipyards, is a graving dock where they have a hole dug into a rock, you float the vessel in there and then put a gate in.

Feingold: That was Babcock's original idea.

Crowley: Yes. Babcock's original plan at the San Francisco Shipyard Company-- I think that's what they call it--San Francisco Dry Dock Company-- was to dig that hole in the rock and put a gate in front of it.

Feingold: I believe in 1963 you bought the stock that your father had in Pacific Dry Dock?

Crowley: No, not exactly. The stock of Thomas Crowley in 1963 was purchased by the corporation. Pacific Dry Dock and Repair Company bought his stock and paid him cash for the stock. He decided that he was not going to engage in the shipyard business anymore. The income tax laws gave him the right to sell his stock to the corporation on a capital gain basis for half tax. He sold his stock to Pacific Dry Dock and Repair Company and also signed a letter of agreement with Pacific Dry Dock and the Bureau of Internal Revenue that he would no longer engage in the shipyard business.

Comments on Finances

Feingold: Is that why he decided to get out of the shipyard business, or are there other reasons?

Crowley: He was getting older, and he saw it as an opportunity of getting some cash. Every dollar he'd ever made he'd always put back into the business or paid income tax with it. This was an opportunity for him to get some cash to provide for his old age, to make him independently well fixed instead of merely having a lot of stock in a tug and barge company which isn't worth the paper it's written on if the tug and barge company doesn't do very well.

In fact, all his life every dollar he ever made he plowed back in the business. That's the story of my life too. I really don't have a bean except what's in the various companies. Some people call that being a miser, some people call that saving, some people call it re-investing in the business--it all depends on how you look at it.

I was reading an article in Fortune the other night about the tremendous increase in the Japanese economy since World War II. They stated that the reason the Japanese economy has been able to expand so rapidly is the fact that the people of Japan save a great deal more of their earnings than the Americans. They save something like 25 percent of their earnings on the average throughout Japan, and they put the money into investment--making jobs and building shipyards and steel mills.

This is one of the problems of our country as they see it. This Fortune article was saying the same thing. In the early days of our country, people saved an awful lot of money and re-invested it or just put it back in the business, so to speak. Today, we're using that money to live off the fat of the land, travel to Europe, buy jet planes, buy yachts, have a house at Acapulco--all that sort of stuff. Even the working people are having a house in the mountains and two or three cars, and all that sort of stuff. Therefore, the great impetus for the expansion of our economy in the late 19th century and early 20th century by saving money and investing in business is gone. As a result, we're probably on our way downhill, whereas the Japanese economy is obviously on its way uphill.

Feingold: I wonder if that's a natural cycle that economies go through?

Crowley: I don't think there's any question about that. The Romans--same thing; Greeks--same thing. Whenever a society gets affluent, they spend less and less time working and more and more time "enjoying themselves," and the economy goes downhill.

Feingold: I guess you're doing your little bit to preserve the economy!

Crowley: The main thing is that my father felt very strongly that he had had adversity and hunger in his youth, and he didn't want to buck up against it again, so he invested everything that he ever made back in the business. When I came along, I did too. I think after a while it just got to be a habit because he liked to see the business grow, and my main interest in life, too, was to pursue the business--new tugs and new equipment--and to do a better job.

That philosophy can be criticized or lauded depending on how you look at it.

Feingold: It sounds like good business practice to me.

Crowley: It's good for the business in that it helps the business achieve economic independence and more equipment and the ability to do more, and all that sort of thing. It's not good from the point of view of stockholders because the stockholders don't get the dividends that they could go out and do with as they wish. Whether it's good or bad depends on how you look at it.

Feingold: Are any of your companies publicly owned, or are most of the stocks owned within the family?

Crowley: The Shipowners and Merchants Tugboat Company did have quite a few outside stockholders, as I told you earlier, because of the way it was started in 1883 and the way it was reorganized in 1918. Over the years, those stockholders have been gradually disappearing. Now Shipowners is over 80 percent owned by the family. Drummond, who had other stockholders, is now 95 or 97 percent owned by Crowley. Those are the only companies with what you might call public outside stockholders.

It may very well be somewhere down the road that we will offer the stock publicly or merge the company with another company that has publicly-owned stock, because one of the big problems is what will happen to the business if something happens to me. You're faced with very substantial inheritance taxes. There's a lot of value in the company, but I have nothing to pay inheritance taxes with, and they're of substantial value. Somewhere down the line, the company may very well go public to be very sure that that'll cover everything.

Present Operations

Feingold: Getting back to Pacific Dry Dock, I assume that now it does work for more than just the Crowley tugs?

Crowley: Yes. Approximately 50 percent, on an average over the years, of the work is done for outside customers and 50 percent for Crowley. This varies from year to year, but this is the general average. We bid on navy work, army work, and stuff like that. We do various jobs for various customers.

Feingold: Is that how it would work with a public agency that you would bid on?

Crowley: Public agencies always put their work out publicly. The Coast Guard, the navy, the maritime administration, army transportation corps--they prepare a set of specifications and request bids on dry-docking, cleaning, painting and repairing the various pieces of equipment. We generally bid on them in competition with other people in the shipyard business, and the low bidder gets the work.

Feingold: If you didn't get the business, who would? Who are your competitors?

Crowley: The Todd Shipyards in Alameda, Bethlehem in San Francisco, Willamette Iron Works over in Richmond, Fulton Shipyard over in Antioch, Sausalito Shipbuilding over in Sausalito, Anderson & Cristofani here in San Francisco, Colberg in Stockton, and Guntert and Zimmerman in Stockton. Those are the major competitors that we have.

Feingold: That's quite a few. Is there enough business to support everybody?

Crowley: No, there isn't enough business. The shipyard business in the Bay is very sick and has been for a number of years. Bethlehem and Todd's thought a few years ago that the North Slope [Alaska oil pipe line] would promote shipyard business in the San Francisco Bay Area tremendously. They both invested somewhere between fifteen and twenty million dollars a piece in building big floating dry docks. Now they're stuck with them and they've been suffering horribly by having these big dry docks and no work for them to do.

Feingold: I guess that's one of the risks of the business; you never know when something will develop and when it won't.

Are there unions that you have to deal with in the dry docks?

Crowley: Yes. The shipyards are all highly organized. The Metal Trades Council represents a whole group of the shipyards' boilermakers and welders, laborers union, machinists union, carpenters union,

- Crowley: pipefitters union, and there are dozens of craft unions all coming into the AFL. The shipyard industry negotiates with them on a coastwise basis.
- Feingold: Someone was telling me about an old navy tug, the Pocahontas, that's being rebuilt by Pacific Dry Dock.
- Crowley: Yes. They're rebuilding a tug for us now. We bought it out of war surplus.
- Feingold: World War II surplus?
- Crowley: Yes. The vessel was built in World War II. Just recently they finally decided to sell it. We bought it and we're fixing it up to put it in operation. Pacific Dry Dock does those kinds of jobs for us, converting tugs and things of that nature.

We haven't been doing a great deal of conversion work lately because, generally speaking, taking an engine out and putting a new engine in today is more expensive than building a whole new boat. This is because the cost of labor has gotten so high, and the fact that you don't have the good craftsmen anymore. You have people who are highly specialized. They can do one thing but they're not jack of all trades. As a result, it costs more to fix something up than it does to get a new one. If you have to have a new one, forget it.



## XII MERRITT SHIP REPAIR COMPANY

Origins of the Company

- Feingold: Does Merritt Ship Repair Company do the same sort of work as Pacific Dry Dock?
- Crowley: Yes. Merritt Ship Repair is a different story. The Merritt Ship Repair is located on the site of the old Hanlan Dry Dock that was built in World War I.
- Feingold: That's in Oakland?
- Crowley: Yes, in Oakland, right at the entrance to Lake Merritt. Dan Hanlan built this marine railway--it was a great big marine railway--and a shipyard. Then he got into financial difficulties in the '30s and George Arms of the General Engineering and Dry Dock Company bought the Hanlan Shipbuilding and Dry Dock Company in Oakland. They operated it all during the '30s up until World War II. Then--
- Feingold: If I can interrupt a second--why did Hanlan have financial difficulties? Was it just because of the Depression?
- Crowley: Hanlan was getting old and he took a couple of bum contracts. The marine railway, which had been built during the war, wasn't the best job in the world and was having difficulties and expensive to maintain. He just gradually died out and General Engineering took the plant over and operated it.

Then, when World War II came along, General Engineering concentrated on their Alameda plant and built a very substantial plant over in Alameda and got rid of the Hanlan yard. The Hanlan yard was taken over by a fellow by the name of Tony Martinolich.

Crowley: Martinolich got money out of the government to fix the plant up. He junked the old dry dock; they just left it there. The navy built a 2,800 ton concrete floating dry dock and put it into the Martinolich plant there. Martinolich leased the dry dock from the navy and the plant from the Port of Oakland and operated for a number of years until he got into serious financial difficulties.

Feingold: How did he get into difficulties?

Crowley: By taking jobs that cost more to do than he got paid for them. Any business gets into financial difficulties by the fact that they don't take in more money than they pay out; they pay out more money than they take in.

Feingold: Was this bad judgment on his part--he underestimated the cost of the job?

Crowley: Right. That's why any business gets into trouble--because someone uses bad judgment and doesn't have as much money coming in as he has going out.

So, he got into serious difficulties and owed a lot of creditors. The creditors came to us and asked us if we would buy it out. Our plant at Pacific Dry Dock and Repair Company was a little small for our ever-increasing size of tugs and barges.

We bought the capital stock from Tony Martinolich in the company. Then we paid off the creditors at 30¢ on the dollar in connection with the purchase of the stock from Tony Martinolich and then operated the company on the basis of taking in more money than we paid out. I forget what year that was that we took over Martinolich--sometime in the '50s I'd say. Do you want the date?

Feingold: If you have it. I notice I don't have it from your notes.

[Crowley asks Mr. Jenkins]

Crowley: Mr. Jenkins thinks it's 1951.

Feingold: In your notes, you said the creditors were represented by the Board of Trade in San Francisco. What is the Board of Trade?

Crowley: The Board of Trade is an organization--when people can't collect a bill, they go to the Board of Trade and try and get the bill collected from the customer. The Board of Trade gets all the creditors together and then tries to arrange some method of paying.

Feingold: Is this a private group?

Crowley: Yes, it's a private group having to do with bankruptcy cases and stuff like that.

Feingold: Are bankers on it?

Crowley: I really don't know. I haven't had anything to do with them before or since. It was kind of a branch of the Chamber of Commerce or something like that. It was 1953 [the date Crowley took over Martinolich]. The Board of Trade arranged this deal.

Feingold: You acquired the common stock for \$100?

Crowley: Yes, because it wasn't worth anything. The main thing was that the creditors were going to have to take over the company. One of the assets of the company was the fact that the company did have a substantial tax loss carry forward.

Feingold: You'll have to explain what tax loss carry forward is.

Crowley: The company had been losing money for years. When a corporation loses money, it doesn't pay any income tax. Under the income tax law, you can carry your losses forward into future years so that if you make a profit in future years, it offsets the losses you made in the previous years.

A corporation is considered as an individual; a corporation has its own existence. This Martinolich Ship Repair Company had existed as a corporation and had several years of losses. In future years, if you could run the company and have it show a profit, it would not have to pay an income tax on that profit because those profits could be offset against losses for prior years.

Since that time, the Bureau of Internal Revenue has put in a little more stringent regulations--Congress has put in more stringent regulations--and it's not quite as easy to do as it was then. It's still done and it's still legal; the main thing is to conduct the same business the way it always was by the corporation.

The problem was that the corporation was broke. It owed a lot of money. The people that the money was owed to could have put it into bankruptcy and divided up what was left, but there wouldn't be anything left to divide up, least of all the tax loss carry forward because that would automatically be wiped out.

We had need for a going business such as that which had the navy contract for the 2,800 ton floating dry dock and had a going plant and a lease with the Port of Oakland for the plant. We could use the facility very nicely and continue the business as it had been continued in the past. It was a natural for us to acquire the company.

Crowley: As far as Tony Martinolich was concerned, he owned the capital stock of the company, but that was worthless as long as the creditors were going to foreclose and take away whatever he had. We put this deal together whereby we paid \$100 for the worthless capital stock and then also paid the creditors. I believe it was some 30¢ or 40¢ on each dollar of their claims which, if they had foreclosed, they wouldn't have gotten--they wouldn't have gotten 2¢. They were glad to get the 40¢.

We took the company and continued to run it in its traditional business of dry docking Coast Guard cutters, army and navy vessels, as well as our own vessels.

### Present Operations

Feingold: Does that put it in competition with Pacific Dry Dock?

Crowley: Yes. It does compete to some extent with Pacific Dry Dock, but it usually handles larger vessels than Pacific Dry Dock. Pacific Dry Dock can only dry dock a vessel up to a maximum of 1,000 tons, whereas Martinolich's can dry dock a vessel up to 2,800 tons. We have tended to do certain types of work in the Merritt Ship Repair Yard and other types of work in the Pacific Dry Dock and Repair Company yard, and both are best suited for different types of work.

The way it stands today, however, we have a manager, Jack Conklin, who runs both yards. The competitive features have been gradually fading away because, in the first place, there's not enough business to compete over, and in the second place, the main idea is to run the yards as efficiently as possible without duplication of service and so on. We operate as two branches of one yard, so to speak.

Feingold: Are you thinking of combining them?

Crowley: The main problem of combining them that we're up against is the fact that Merritt Ship Repair has a contract with the CIO machinists local, and Pacific Dry Dock has a contract with the AFL machinists. These are certified bargaining agents under the National Labor Relations Act. If we combined the two, we'd either have to hire all AFL machinists or all CIO machinists and either outfit that had their machinists put out of work would picket the place. It's an insoluble problem, and so there's two yards instead of one.

They both do a different type of work more or less; it really presents no great problem. They don't wastefully compete anyway. If we can do a dock job cheaper at Martinolich, we'll do it there;

Crowley: if we can do it cheaper at Pacific Dry Dock, we'll do it there. The customer doesn't care so long as the job is well done at a reasonable price.

Feingold: When was the name changed?

Crowley: Just a few years ago. We kept the name Martinolich Ship Repair Company for many years. I don't know--I'd say we changed about 1969 I think. We named it after Dr. Merritt, who was one of the early mayors of Oakland, who had Lake Merritt named after him. We called it Merritt Shipyard.

Feingold: In your notes, you said something about how the creditors' claims were later sold to B.L. Haviside?

Crowley: Yes. The creditors' claims were later sold to B.L. Haviside. After Haviside held the claims for a while, Martinolich Ship Repair paid off the claims.

Feingold: Why did he buy the claims?

Crowley: He wanted to make a little money. He was willing to buy the claims for a lump sum. Then when the claims were paid off, he received a profit for the claims.

Feingold: Who is he? His name has come up before.

Crowley: He's dead. B.L. Haviside was the son of Harry Haviside. They owned a company called the Haviside Company. It was a ship chandlery in San Francisco for many, many years. They also had a derrick barge business in San Francisco. They finally pulled out of the derrick barge business in the middle '60s. "Tote" we used to call him; he died a few months ago. His son, who started out in life spending money like it was going out of style and drinking and raising hell generally, finally settled down about four or five years ago and started a contracting business. He's now a contractor for marine construction on small jobs.

He got married again; that's what settled him down I think. He goes out and runs the bulldozer and the various machines--he and his partners. They work on the jobs morning, noon and night and weekends. Due to the fact of the ridiculously high construction rates of pay that you pay men today, they just run the equipment and make all kinds of money because they're saving the labor cost.

Feingold: Very clever.



Crowley: Not only clever, but he's in excellent condition. He's strong as an ox and healthy as a horse, where before he was always sick and fat and flabby. Now he's all bone and muscle and enjoying life a lot more than he did when he was driving around in Cadillacs and drinking up all the booze in sight and so on.

Feingold: It shows what good honest work can do for a person.

Crowley: This is right. This gets back again to the question I brought up earlier, and that is, if you reinvest the money in the business and work like hell, you're a damn sight better off than if you take the money and blow it down a rate hole on yachts, planes, high living, and so on and so forth. This country today is kind of like B.L. Haviside, Tote's son, Byron, was ten, fifteen, twenty years ago. Japan is like Byron is right now.

You hear the statement "our affluent society." In that statement is the answer to the whole thing--we are spending money like it's going out of style. Everybody wants to live off the fat of the land and, as a result, we're going downhill as a nation. The Russians are coming up and the Chinese Communists are coming up, the Japanese are coming up--a lot of people coming up the line, and a lot of them going down the line. Apparently the British and ourselves are on the way down.

They've even interpreted it as to moral turpitude in connection with Watergate and all that sort of stuff. It's just part of the whole damn system; we've all got too much.

Feingold: In the notes that you wrote up on Merritt Ship Repair, you also talked about negotiations over the lease between the navy and the Port of Oakland. The navy finally arrived at a settlement you said, "whereby the Port of Oakland took over the entire property," and then leased it to Merritt, is that right?

Crowley: That's correct. However, the floating dry dock is still owned by the navy. The floating dry dock is leased to Merritt by the navy and the rest of the yard is leased to Merritt by the Port of Oakland.

Feingold: Do you know why there was that difference?

Crowley: Because a floating dry dock is a vessel, and all the other stuff is fixed to the land--the dock, the crane, the buildings and so on--and goes with the real estate. They finally settled on the basis that the Port of Oakland would take over the whole thing and the navy would retain ownership of their floating dry dock.

Ship Building

Feingold: I think I asked you several weeks ago if you would ever consider going into ship building as opposed to just ship repairing.

Crowley: Yes. At Pacific Dry Dock we did a certain amount of building of barges--we built water taxis in 1937-38 and barges in 1939. Then we built navy barges in '40 and we built self-propelled lighters in '41. In 1942, we were finishing up three self-propelled lighters for the navy. At that time we had to decide whether we were going to go into ship building in a bigger way because of the opportunities of World War II or cut out the building at Pacific Dry Dock and merely stick to repair work. We decided at that time that we did not want to go into new construction and would confine ourselves to ship repair. We didn't build any more of these vessels for the navy.

Construction work--contracting--is a specialized type of service. Repairing is a service industry, somewhat like furnishing tugboat services to a ship or repairing a ship or something of that nature. We've always been in the service business and we're going to stay in the service business. We felt that new construction or contracting was an entirely different type of business we're not suited to be in.

Feingold: I think you said something about difficulties with drunken navy inspectors?

Crowley: Yes. When we did build these self-propelled vessels, we were the prototype yard for design work and approval. Whenever you're building a naval vessel, you have to make very, very detailed designs and drawings and then get them approved by the navy before you can proceed. We were unfortunate enough over at the yard to be inflicted with an Annapolis graduate who had never made his way in the navy because of his personality and love of the bottle, so they dumped him on us.

We were really stuck with quite a problem. We'd get up all the drawings--all the design work--and then he would never be sober enough to approve the drawings. Everything had to stop while we tried to sober him up to approve the drawings. Then we'd come over to San Francisco with the supervisor of ship building and complain. He would say, "Go back and see Commander So-and-So." Christ, it was just one thing after another.

Finally Bob Tate, who was a commander in the navy stepped in and he approved the drawings. He later became the naval architect for Matson Navigation. He finally later committed suicide.

Feingold: You also mentioned that the decision not to go into ship building was made as you and your father were driving back across the Golden Gate Bridge.

Crowley: Back across the San Francisco-Oakland Bay Bridge. I didn't feel that my father was temperamentally suited to be in the construction business. The construction business is where you go out and you take a job and you say, "I will build something for a million dollars." You go ahead and plan it and build it. If it costs you more than a million dollars, you lose money; if it costs you less, you make money.

My father had always been in the business of giving services to people--furnishing a launch service, a tugboat service or something of that nature, which is not constructing anything, but is a service type of thing.

There is a great distinction in my opinion in service industries as distinguished from manufacturing industries. I have never been in a manufacturing industry and I have never particularly cared to be in the manufacturing industry. I'm more interested in running a boat or furnishing a service on a boat to somebody.

Some people are natural putterers and makers of things and other people are natural doers of things. My father was a natural doer of things but not a maker of things. I feel I'm more or less the same way and would rather be in the service industry than in the manufacturing.

Feingold: He was thinking of going into construction, or continuing the construction work, and you were arguing against him?

Crowley: No, we didn't have any great arguments. We were faced with opportunities because the navy was clamoring for additional ship-building facilities, and they'd gladly have us take on additional jobs. They wanted us to build twenty more of these self-propelled lighters, and also build salvage tugs and expand our shipyard at the navy's cost, and all this other stuff.

We discussed it and decided not to do it. The only way we could stop doing it was to stop doing it altogether. We just built the three of them, and when the contract was finished, we said, "That's it. Goodbye and good luck. We're not going to do any more."

Feingold: Who builds your tugs and launches and barges now?

Crowley: Wherever we can get the best price and the best workmanship. At the present time we have four tugs under construction at the McDermott Shipyard in Houma, Louisiana. We have four large barges

Crowley: under construction at Bethlehem in San Francisco. We have had a lot of work done by Pacific Coast Engineering in Alameda, Gunnerson Engineering Works in Portland. Bethlehem has done work for us before and McDermott has done work for us.

We're not particular, as long as we get a good price and a good job.

Feingold: How does that work? Do you accept bids?

Crowley: First we prepare a specification of what we want to build. Then we sometimes put it out to bids of any yards that want to bid on it, or we just put it to a select few yards that we would like to have bid on it, or we may just sit down and negotiate with one yard to do it if the price is satisfactory. We think we know what is a fair price, and if they give us a fair price they can go ahead and build it.

Colberg, up in Stockton, has built all our passenger boats. We have a great deal of confidence in Colberg. We just show them the vessel we want to have built and he goes ahead and builds it on a time and material basis.

Feingold: How is the building of a boat like that financed?

Crowley: Normally, the building of a boat--when you start with a small boat you finance that out of your savings account. As the boat gets bigger and there's more capital involved, we have generally financed it by paying 25 percent of the cost ourselves and borrowing 75 percent of it from a bank with a repayment over five years.

Then, as the equipment got bigger and there was more money involved, we paid 10 percent of it down and would finance the other 90 percent over a five-year period. Then, we decided to finance it over a five-year period with a balloon payment at the end, which they would further finance over another five-year period. That meant that you were paying the bank loans off over a ten-year period.

Currently we are now availing ourselves of what's called Title 11 mortgage insurance under the Merchant Marine Act of 1960, whereby the government will guarantee a long-term mortgage on 87 1/2 percent of the cost of the equipment, and this will be a twenty-five-year loan that would cover 87 1/2 percent of the cost of the equipment. That's our current method of financing the barges, and probably those tugs. As far as the passenger vessel we just built, we sold an oil barge last year and we're using the money we got for the sale of the oil barge to pay for the passenger vessel.

Feingold: Which company is the passenger boat going to be for?

Crowley: Harbor Tug and Barge Company.

Feingold: Will it be a ferry?

Crowley: It's a boat that runs between Long Beach and Catalina, a ferry boat. It's not a ferry. My idea of a ferry is a double-ended vessel that you drive on and drive off. Other people think any boat you run between two points is a ferry. To that extent, it's a ferry. Really it's an excursion boat.

Feingold: Will it have automobile capacity?

Crowley: No.



## XIII FOREIGN OPERATIONS

Rig Tenders

Feingold: I'd like to switch gears a bit to the foreign operations.

Crowley: Singapore?

Feingold: Yes. Could you tell me about Rig Tenders?

Crowley: Rig Tenders, yes. Rig Tenders is a company that was started in 1966 to furnish supply boat and crew boat services to the oil companies in Cook Inlet [Alaska]. Then, when the business folded up in Cook Inlet in 1971, we sent a lot of our equipment over to Singapore. It operates under the name of General Marine International Services out of Singapore, and it runs in the Indonesian oil patch over there. We presently have two supply boats chartered to [inaudible] and they're on their way to the Persian Gulf to work there for six months. The rest of the equipment is working out of Singapore in the Indonesian waters.

Feingold: What is it doing?

Crowley: It furnishes services to the offshore oil industry. In other words, they carry men out to the platforms and bring them back, or carry supplies to the floating drill rigs working out there, and they run back and forth and perform services in the transportation of men and materials.

Feingold: About how many boats are there?

Crowley: There are twenty-six tugs, barges, small tugs and supply boats and crew boats operating out there now.

Feingold: Are they all chartered from one company?

Crowley: No, they're all different companies. They work for--

Feingold: I mean of the tugboat companies here.

Crowley: Of the tugboat companies here, the supply boats and crew boats are mostly Rig Tenders' and then the tugs are from different companies.

There are two 200-series barges from Bay Cities, and eight flat barges from Harbor Tug, and a couple of tugs from Puget Sound--different companies.

#### Puerto Rico Marine Lines

Feingold: Then I think you mentioned Puerto Rico Marine Lines?

Crowley: Yes. Puerto Rico Marine Lines is a common carrier freight service run between Galveston, Port Arthur and Lake Charles down to San Juan, Ponce and Mayaguez in Puerto Rico. They have a sailing roughly every two weeks from the west Gulf ports to Puerto Rico. They carry general cargo in their barges towed by tugs.

Lykes Brothers Steamship Company are the agents. They dig up the cargo and act as agents for Puerto Rico Marine Lines.

Feingold: How many vessels are involved in that operation?

Crowley: Two tugs and three barges.

Feingold: That's relatively small then.

Crowley: They're pretty big barges. It's a fairly substantial business because there's a lot of expense involved and a lot of revenue. They gross about \$4,000,000 a year, so it's not a small operation. They don't make any profit, however.

#### Carriba Hydro-Trailer

Feingold: You also mentioned Carriba Hydro-Trailer?

Crowley: Carriba Hydro-Trailer was a roll-on roll-off freight service from Miami to Puerto Rico. They were competing with an outfit called TMT Trailer Ferry. In March or April of 1972 they time chartered their barges--or they bareboat chartered their barges and time chartered their tugs to TMT and discontinued hauling out of Miami.

Feingold: Why did they make that decision?

Crowley: Because there was not enough traffic moving out of the Miami area to support the operation, and it was an operation we were conducting 3,000 miles away. It wasn't too well managed and it was losing money hand over fist. We figured we'd better stop losing money doing that and work with our competitor to perform a profitable service for them and for ourselves.

Feingold: How many vessels are now chartered?

Crowley: Now there are three barges, 400 feet by 100 feet that carry ninety forty-foot trailers apiece, and three 7,000 horsepower tugs sailing out of Jacksonville once every three or four days and going to San Juan, Puerto Rico and coming back. They make an entire run in about ten and a half days.

Feingold: What sort of commodities do they carry?

Crowley: All different kinds of commodities. Most of the cargo is moved in these 40-foot trailer vans in which they could carry anything that a trucking industry would carry. A lot of food stuffs are carried down to Puerto Rico, and manufactured articles from this country. Then they bring a lot of stuff back--rum, chemicals, hosiery. There's a lot of manufacturing that goes on in Puerto Rico, also, because of the cheap labor. The predominant trade is southbound to Puerto Rico.

#### Hauling Cargo to Hawaii

Feingold: I think I asked you several weeks ago if you had ever considered getting into long-distance hauling, like to Hawaii.

Crowley: Yes. What did I say then?

Feingold: You said that you hadn't, but I wanted to get it on tape.

Crowley: A tug and a barge is limited because of its speed to relatively short hauls. We feel that a haul by tug and barge to Hawaii is non-competitive because it's over 2,000 miles, and it's a long way to travel. We figure that a properly designed, built, and operated self-propelled ship can do a better job hauling to Honolulu than a tug and a barge.

There are other people in the tug and barge business who don't agree with this, and they haul to Honolulu on a barge. Matson Navigation Company, who is the predominant carrier in the

Crowley: Hawaiian Island trade, has now acquired two roll-on roll-off ships which will save them a tremendous amount of money transporting their non-containerizable cargo and, in my opinion, will become much more efficient in future years. The barge haulers are going to have a tough row to hoe trying to haul cargo to Honolulu in competition with Matson.

Feingold: It sounds like they got onto a good thing.

Crowley: Matson started their containerization program about fifteen or twenty years ago. They did a hell of a good thing getting into containerization; they did a good job of it. They failed, however, to provide for hauling non-containerizable cargoes, which they continued to haul in break bulk ships and in container ships that also carried break bulk.

This has cost them a fantastic amount of money over the years. It's only last year that they finally realized their basic mistake in the transportation system; that is, to try and haul break bulk cargo along with container cargo. Container ships should move solely as a highly specialized container ship. If they have to move other stuff, like tractors and busses and oil drills and so on, they ought to move those in a ship that's actually suitable for that type of cargo.

By acquiring these two roll-on roll-off ships this year they will finally lick their problem of huge losses on their non-containerizable cargo.

Feingold: Is Sea Land in competition with Matson at all to Hawaii?

Crowley: No. Sea Train is.

Feingold: Which company is it that just came out with that new enormous--

Crowley: That's Sea Land. Sea Land has built eight SL-7's, which are huge container ships that make thirty-three knots, 120,000 horsepower and will carry a 1,096 forty-foot equivalent trailers. These vessels are primarily designed for trans-Atlantic and trans-Pacific runs. They have been built in a foreign shipyard so that they will not be eligible to run to the Hawaiian Islands with those ships because, under the Jones Act, a vessel to run in the domestic trade has to be built in an American shipyard.

They also are two of the largest ships, really, to run to the Hawaiian Islands, because a much greater percentage of their time would be spent in loading and unloading the ship on a short run where they can't take advantage of the thirty-three knots.

Crowley: When you build thirty-three knots into a ship, then you want to have a long, long run because that's where you can use the thirty-three knot speed.

The Sea Train runs to the Hawaiian Islands in competition with Matson. They have some war surplus rebuilt ships that carry about three or four hundred containers, and they're giving Matson a rough time. I don't know how profitable it will be for the long run, because they just run from Oakland to Honolulu and back again. To get their southern California-Hawaiian cargo, they have to ship it up here by rail or truck out of southern California. Then to take their cargo to the outer islands, they have to transship it by a [inaudible] down in the islands. They have an awful lot of expense.

Sea Train is having other financial difficulties as well as their Hawaiian Island trade. They're losing money in the Puerto Rican trade, and they're having difficulties with their shipyard in Brooklyn. There have been some real long-term serious financial problems. How long they'll stay in the Hawaiian Island trade I don't know.

Feingold: I came across a clipping in one of your father's scrapbooks. In 1948, Ocean Prince hauled a barge with steel to Hawaii. Was that just a unique happening?

Crowley: Just an occasional job. In fact, that sounds to me like it might have been the time of the longshore strike they had. The longshoremen let tugs and barges run but they wouldn't let big ships run. The time that occurred was '49 I think, and we took a load of steel down with a barge.

#### Other Foreign Involvements

Feingold: You told me several weeks ago that two of Shipowners and Merchants' biggest tugs were now operating between Jacksonville and San Juan. I presume that was for TMT. Which tugs are those?

Crowley: Those are the Sea Swift and the Sea Flyer.

Feingold: Were those built fairly recently?

Crowley: Yes. Those were built in about 1968. They were the first two of the 7,000 horsepower boats. We built four more in 1969.

Feingold: Which were those?



Crowley: Those were the Guardian, the Zeus, the Pathfinder and the Mars.

Feingold: Where are they now?

Crowley: The Mars is also on the Jacksonville TMT run. The Guardian, the Zeus, and the Pathfinder are on the Seattle-Whittier run of Alaska Hydro.

Feingold: I came across this bit of ancient history in your father's scrapbook. In 1916 your father went to Peru to establish a tugboat and launch service. I wonder if he ever told you about that.

Crowley: He took a trip with my mother down to Peru on a Grace Line ship. He had sold various tugs to South American people, and he was very friendly with W.R. Grace and Company. Grace had his ships running down there. He really just took a long trip on a ship--it wasn't with the idea of starting a tugboat company--but he saw various people down there and how they were using the tugs that he'd sold them.

Feingold: I see. Did he or you ever do that kind of thing again, of advising any foreign operations setting up tug companies?

Crowley: Yes. I took a trip down to Rio about 1968 or '69. Some Norwegians--Larsons--wanted to build a tug and a barge to trade on the Brazilian coast. I went down there and discussed it with them. We were going to be partners in the thing, but we finally decided just to take a fee for our naval architecture services or something like that. We didn't engage in the business. They built the tug and the barge and are using them down in Brazil now.

We don't do that very often; we usually stick at home.

Feingold: You could spread yourself pretty thin.

Crowley: Yes. There's no point in it.

## XIV LABOR RELATIONS

[Interview 6: June 13, 1973]

Prior to and After the 1934 Strike

Feingold: I thought we'd talk about labor unions today. I don't know quite what the best way to approach this is. Should we go union by union?

Crowley: No. I think the best way to attack it is to go historically.

Feingold: Start at the beginning?

Crowley: Yes. The beginning of my knowledge of labor unions is the International Sailors' Union that was run around here by a man by the name of Andrew Furuseth from the turn of the century on. He tried to organize the sailors, and they had a union.

In 1921 the shipowners were able to break the sailors' union and the longshoremen's union and all the maritime unions down to such an extent that the deep water ships didn't have any union representation on them at all, and the longshoremen were relatively unorganized.

They did start a company union in the Twenties, a company longshore union--I forget the name of it--and the people had to belong to it to get work on the waterfront. Then when Franklin D. Roosevelt came into power, he passed the Wagner Act and this opened the door for unionization.

Feingold: When the shipowners got rid of the unions in 1921, were the shipowners organized? Were they working through a group?

Crowley: Yes. The shipowners had some organization. I don't remember what they called it--Waterfront Employees Association or what it was. You'll have to get that story from the shipowners. I'm merely leading up to labor unions on the tug boats.

Crowley: Prior to 1934, most of the men who worked in the tugboats either belonged to the union or did not--most of them did not. The company had no union agreements. The company just operated and paid the wages that they thought were fair for the time, and the same thing for the working conditions.

However, there was one union that had always existed, or had existed since the early part of the century, and that was the Marine Engineers Beneficial Association, Local 97. The business agent was a fellow by the name of Randolph Merriweather. Merriweather was a former gas skinner or launch operator.

This union consisted mainly of the engineers who ran the gasoline-powered launches in the Bay Area. It had pretty good representation amongst the men, but it was unable to do anything in connection with negotiating with the employer prior to 1934.

The longshoremen's union was fairly active prior to 1934. When the 1934 longshore strike was called, Harry Bridges got control of the longshoremen's union. There was a fellow by the name of--I've forgotten his name, but he had tatooed on his hands "hold fast." He was an old sailor who had come ashore. They'd tatooed on his hands "hold fast" because they were up in the rigging taking a sail in and they had to hang on. The idea of tatooing "hold fast" on the hand was a reminder for those fingers, to hold them up there or he wouldn't be.

Anyway, the '34 longshore strike is pretty well documented. What happened during that strike was, then, that the other labor unions in the Bay Area, including the Marine Engineers Beneficial Association and the Inland Boatmen's Union, which was then called the Ferryboatmen's Union, and headed by a fellow by the name of Clyde Deal--they got very active and they organized the men who worked on the Shipowners and Merchants Tugboat Company tugs. The gas skimmers were already organized in the MEBA.

In 1934 they came down and they said, "Now we have all your employees and we want to sign a contract." After considerable negotiations, contract terms and wages were arrived at, and we signed. The Shipowners and Merchants Tugboat Company and the Crowley Launch and Tugboat Company signed labor contracts with the Marine Engineers Beneficial Association and the Ferryboatmen's Union and the Masters, Mates and Pilots, Local 40.

These agreements provided for a closed shop and various wages and working conditions and so on. That was the beginning of unionization in the tugboat industry on San Francisco Bay. Those labor negotiations continued on and on. Every few years the contract would expire and there would be further negotiations or a strike, and finally a settlement of the strike. The wages and working conditions gradually improved throughout the years.

Crowley: Clyde Deal was followed as business agent by a fellow by the name of John Evans in the boatmen's union. Then John Evans' place was taken by Raoul Vincillione, who just recently retired from the Inland Boatmen's Union. That job now is handled by a fellow by the name of Jimmy Seakin [name may be misspelled].

Merriweather retired out of the MEBA after World War II, and Tiny Ferrin took over the job. He was finally ousted by Charlie Black about 1967, and Charlie Black is still running the MEBA.

The MEBA grew tremendously in the thirties because, although the deep water engineers were not too well organized, this union that Merriweather had, organized a lot of the deep water engineers out of San Francisco and became a pretty substantial union instead of just a bunch of gas skimmers. It became a great deal stronger than the Ferryboatmen's Union or the Boatmen's Union.

The deep water sailors were organized into the Sailors' Union and also in the Marine Firemen and Marine Cooks and Stewards, which were other separate unions.

I think the Shipowners and Merchants Tugboat Company was tied up on strike for a short time in 1935, and in 1939. There were no strikes during the war, but there were strikes after the war. We had an eight and a half month strike in 1959 and a nine month strike in 1969.

#### Strikes, 1939-1959

Feingold: If I could back up a bit on some of these strikes. I have a note here that in April of 1940, a nine month strike of the Inland Boatmen's Union was settled. It was a strike against Shipowners and Merchants.

Crowley: Yes. That was the 1939 strike. They went out on October 1, 1939.

Feingold: Is the Inland Boatmen's Union a separate union, or are they part of another union?

Crowley: The original Ferryboatmen's Union was a completely separate union started by Clyde Deal and consisted of all the unlicensed employees of the ferryboats then operating on the Bay. They later changed their name to the Inland Boatmen's Union and then they later affiliated with a similar union up on Puget Sound. They're now the Inland Boatmen's Union, which is a district local of the Seafarer's International Union which is a national union run by Paul Hall.

Feingold: I believe that '39 strike was settled with the help of the Federal Maritime Commission?

Crowley: No--Federal Mediation Service. The Federal Mediation Service gets into all the waterfront disputes, and they attempt to act as a go-between the parties and settle the various strikes. They used to be quite active; I haven't seen a great deal of Federal Mediation Service in recent years. In the Thirties and the Fifties and Sixties they were doing quite a job. They seem to have fallen into disuse in recent years.

Feingold: Why is that, do you know?

Crowley: I don't really know. When the Federal Mediation Service came into being, when it first became active under the New Deal administration, they were usually retired union men and they were used to try and hammer a better settlement out of the employer. So they were well received by the unions and not too well received by the employer, but the employer couldn't do a thing about it.

Over the years, as the pendulum has swung the other way and the unions have all the power, the Federal Mediation Service consisted mainly of retired labor leaders. It has nothing to sell to the unions, and as far as the employers are concerned, they're not interested in having a former labor leader settle their disputes for them.

I think that the union side of the bargaining table just said, "To hell with the federal mediator; we don't want him," which has made him ineffective.

Anybody with an ounce of fairness or common sense can see that the unions have all gotten too much anyway. It's raising Cain with the economy, and these additional wage increases now are not to protect the poor working man but to just get more and more, which is one of the basic causes of our inflationary trend.

Feingold: Have wage increases been the center of a lot of these strikes?

Crowley: Well, under the term "wage increase" you're talking about wage increases and working conditions. A wage increase includes pension benefits and health and welfare and so on, the increased wage cost to the employer. Increased overtime, increased conditions whereby they have to get paid overtime regardless of whether they're entitled to it or not, in my opinion increases wages, obviously, if you consider wages all the money they take home.

The strikes are all generally in connection with trying to get more and more and still more and do less and less work for more and more money.



Feingold: I have a note here that in 1948 there was a strike at the Richmond Refinery that somehow affected United Towing Company.

Crowley: That was the first strike that affected the major oil companies. This was not only at the Richmond Refinery but it was at the Martinez Refinery and the Avon Refinery. All the refineries were tied up on strike by the oil workers' union.

The unionized tugboat men and tanker men would not go through a picket line to pick up the petroleum at the refinery docks. Some of the office people at United Towing Company ran a couple of tugs and a couple of barges, hauling petroleum around the bay. The same thing was true for River Lines. They ran some tugs and barges with people from the office.

I worked on tugs for two weeks doing it and so did Bob Dyer and others around here.

Feingold: Was there any problem with that? Were you heckled at all by picket lines?

Crowley: Picket boats would go by and they'd heckle you but it didn't mean much.

Feingold: Were there any legal actions taken during that strike?

Crowley: Not that I know of; not that I can remember.

Feingold: Then in 1951, I have a note that there was a jurisdictional fight between the CIO's MEBA and the AFL's Brotherhood of Marine Engineers.

Crowley: It didn't affect us in anyway. There may have been a jurisdictional fight on the waterfront with Standard Oil Company--that sounds like what that's all about--but that didn't effect the tugboat business at all.

Feingold: I see. Then in 1960, I have a note here, I guess in late 1959 there was an eight and a half month strike by the Inland Boatmen's Union against tugboat and barge operators.

Crowley: Yes, against Shipowners and Merchants Tugboat Company. That eight and a half month strike in '59 was only against Shipowners and Merchants Tugboat Company. Bay Cities Transportation Company and others kept running.

Feingold: I see. Now, my notes say that the union insisted that Red Stack deck crews should have \$25 a month more than the crews on other tug lines.

Crowley: That may very well have been; I don't remember.

Feingold: I was wondering why they would make that kind of demand.

Crowley: Because they thought they could get it.

Feingold: I mean was Red Stack doing significantly different business?

Crowley: They were docking ships. They were the big tugs that were docking the ships, whereas the other tugs were generally towing barges and things like that.

I think that the deck hands on the smaller boats were getting paid more. What they wanted to do was to get the Red Stack deck hands up to the same level. They wanted a \$25 greater increase to bring them up to the level of the deck hands on the smaller tugs. The reason the deck hands on the smaller tugs got more money was the fact that they also steered the tug and did a lot more than just be a deck hand.

The unions figured out that the fellows who were deck hands on the Red Stack tugs, who just acted as deck hands only and never steered the tug because there was a mate there, that they ought to get boosted up to the same level as the deck hands that did steering on the small boats.

That eventually came to pass. Later on, the unions claimed that the deck hand that had to steer on the small boat ought to get paid more than the deck hand on the Red Stack tug that didn't have to steer. They got a special classification called steering deck hand into effect so they could get more money.

To the layman, the world of labor relations is a complete jungle, and they don't know anything about it. It would make a good joke book to listen to all the arguments or to write down the arguments that labor unions devise to get more and more and more money, regardless of the merits or the equity of the situation. They'll pick up anything to try and get the wages boosted up.

In fact, it got so bad in the maritime industry that they call it whipsawing. In other words, one union will go in and get a rate of pay or a condition that's different from the other union. The first union will come in and say, "They got it so we want it, but we want this besides." They'll get that, and then the other union comes back and says, "You gave them this much more so we've got to get that," and so on.

Crowley: The classic problem that we've had in the tugboat industry is that the deck hands will come in and say, "We want a wage increase of x number of dollars per month." The captains, mates and engineers will come in and say, "We want a wage increase of x percent per month."

If you grant a percentage rate increase to the captains and engineers, then the deck hand will say, "We want the same amount in dollars which they got, which would be a bigger percentage for us because here's our scale." Then if you gave them that, then the engineers and captains would come back and they'd say, "We want a percentage based on the percentage that the deck hands get." You just go on and on. It's a spiral and there's no way of getting out.

It's called whipsawing and it's been done extensively in the maritime business, to such an extent that there's lots of fancy contracts but not many jobs. It puts the water carrier out of business. There used to be a lot more tugs and barges and moving equipment operating on San Francisco Bay. It's going down, down, down all the time because the labor costs have gotten ridiculous.

#### Some Effects of the Garmatz Act

Crowley: In fact, the latest thing is that in 1969 they finally shoved a contract down our throats whereby it calls for five consecutive sixteen-hour days. We had to go for it. Now Congress has passed a law that the men, commencing September 30, 1973, cannot work any more than twelve hours a day. The question is, do you pay them the sixteen hours pay that they've been getting for twelve hours' work, or do you limit them to the twelve hours and reduce their pay in turn?

The difficulty is that you can't use a crew for sixteen hours for five consecutive days. The inhumanity of the situation is that the unions insist on working a sixteen-hour day because they get the next nine days off--the weekend, the next week, and the next weekend--that's nine days. So they work five days for sixteen hours a day and they're off for nine days.

Now, with a new twelve hour law coming into effect, we've got a big problem coming up as to what's going to happen there. We can't afford to pay them sixteen hours for five consecutive days and then they only work twelve hours.

Feingold: That sounds like a sticky problem. Have you come up with any way of settling that?

Crowley: We've come up with ways, but the unions don't agree. We've said the men ought to work during the week every day, or a certain number of days. We've suggested four ten-hour days that they would work, forty hours a week and work every week. They've said, "No, we only want to work five days and then be off nine days."

What they do is they get a job during that alternate week, or they have a farm, or they live in Oregon and they come down here for five days; work and then go back to Oregon.

It's a ridiculous situation. But costs of labor on the tugboats are increasing to such an extent that eventually I don't know what's going to happen.

Feingold: I guess that's going to have to be settled fairly soon if that law goes into effect.

Crowley: It's going to be settled or not settled, one or the other.

Feingold: That's the Garmatz bill?

Crowley: Yes, that's right, that's the Garmatz bill. It provides a maximum work day of twelve hours for a fellow running a boat. These guys, through their union, have been able to force the employers to work sixteen-hour days. The employer doesn't want to work a sixteen-hour day, but the men do. They say, "We want to work sixteen hours so that we can be off next week--get all our work time in in five days." They work ten days a month and they're off roughly twenty days.

Feingold: Is the Garmatz bill the first federal regulation of working conditions on tugboats?

Crowley: No. When we operated the steam tugs, steam tugs were all under steamboat inspection and Coast Guard regulations. These laws were put into effect back in the nineteenth century. The laws that were put into effect to regulate working conditions on steam vessels were applied to steam tugs.

With the advent of the diesel engine, there was an exemption in the law whereby vessels under three hundred gross tons not propelled by steam did not have to be regulated under the steamboat inspection laws. It was felt that under three hundred gross tons there was not the danger that there was in operating steam vessels and/or vessels of over three hundred gross tons.

For years the diesel tugs under three hundred gross tons were exempt from inspection. There's been a great hue and cry that you can go out and run a three-hundred-gross-ton tugboat without even an automobile driver's license, and this has been true. The same

Crowley: thing applies to an engineer operating a locomotive--he doesn't have to have a license from anybody. The railroad companies make sure that the guy can run a locomotive before they put him in it, and the tugboat companies make sure a guy can run a tugboat before they put him in it.

The unions and various people have started a hue and cry that there should be regulation of tugboat captains operating tugs under three hundred gross tons. The industry decided that it would probably be a good idea to sponsor a bill that would provide for licensing of tugboat captains on diesel vessels under three hundred gross tons if the licensing requirements were of a practical nature that determined whether the fellow knew the rules of the road and a few other odds and ends.

The licensing itself does not determine whether a man is competent, but it does allow the Coast Guard to take action against the man by taking his license away if he proves to be incompetent. This is the only value of the law as the industry sees it and the Coast Guard sees it. It's also a sop to the so-called do-gooders that think that everything ought to be licensed from top to bottom and the government ought to regulate everything.

The law was passed when Garmatz was chairman of the House Merchant Marine and Fisheries Committee and it's commonly known as the Garmatz bill. It was passed over the objections of the unions. The unions did not want it passed because they wanted a bill passed that would bring all the people on the boat--engineers, deck hands, mates, captains and everything--subject to steamboat and Coast Guard regulation, and also the machinery in the hulls and the whole thing subject to Coast Guard regulation and inspection.

The Coast Guard regulation and inspection, in my opinion, is totally unnecessary and expensive, and time consuming. It costs the government a lot of money and costs industry a lot of money and doesn't serve any really useful purpose, any more than inspecting a steam locomotive and every other piece of machinery that works. Of course, the creeping socialism of the government is going to inspect everything and make sure that the consumer is protected, just like the Federal Power Commission protected the consumer by holding the price of natural gas at the wellhead down to 17¢ a thousand cubic feet for fifteen years and then found out we're running out of natural gas, which precipitated the energy crisis.

Feingold: Is this bill an indication of things to come from the federal government? Will they now think that having gotten a toehold into regulating the diesel towboats, they'll impose further regulations in the future?



Crowley: The industry does not think so. The industry thinks that they can work along with the Coast Guard to see that tugboats are relatively safe. The Coast Guard basically has jurisdiction anyway over fire fighting and life saving equipment on tugboats, so that the Coast Guard, if they see an obviously unsafe vessel, can do something about it without having to inspect every vessel from stem to stern.

Also, under this licensing bill, the Coast Guard can take away the license of a tugboat captain who will take a tugboat out that is not seaworthy or a properly equipped vessel.

There is the fear that this will be just a toehold and the government will go further and further into it, but the industry felt that in the aggregate, it would be better to take this step and endorse this bill now rather than having something worse shoved down their throats. I think it's a good principle; I think the industry was wise in taking this step. However, future events may show that the government steps in and regulates everything. Who can say whether this step slowed that up or speeded it up-- who knows? You never know.

Feingold: Aren't the towboat operators licensed already?

Crowley: No. You can operate a diesel tugboat under three hundred gross tons without even a driver's license.

Feingold: I was under the impression that the members of the Master Mates and Pilots all had licenses.

Crowley: Yes. You have to have a license to join the Masters, Mates and Pilots, and you have to have a license to join the Marine Engineers Beneficial Association. Many of the tugboat captains and engineers do have licenses which they got on their own anyway. The employers have always encouraged the men to get licenses, and in fact will normally give them free time to go up and study for their license and sit for their license.

But it has never been compulsory under the law that a captain, mate or engineer or deck hand on a tugboat under three hundred gross tons has to have a license to operate a tugboat.

Feingold: I see. Now it is required under the Garmatz Act.

Crowley: Now it is required--just for the masters, just for the fellow that's operating the boat; not for the engineer and not for the deck hand.

This is why the unions fought this bill. They wanted to see everybody on the boat have a license to just step aboard the boat, and also have the boats themselves licensed and checked out and thoroughly inspected from stem to stern by the Coast Guard, which industry claims is totally unnecessary.

The 1969 Strike

Feingold: To get back to the '69 strike, I know you mentioned before that that pretty much put an end to some of Shipowners and Merchants operations?

Crowley: Yes. It put an end to their ocean-going operations. They were tied up for nine months. They are now back in operation on the Bay and they are docking and undocking most of the big ships that come into the Bay. There are some independent Bay pilots who are docking ships without tugs or with small tugs, competing with the Shipowners and Merchants Tugboat Company, but Shipowners and Merchants Tugboat Company is generally getting their business back again.

This is simply because the Shipowners and Merchants Tugboat Company service of furnishing the tugboat captain pilot and an adequate tug manned by a competent crew that knows what the captain on the bridge of the ship wants to have done is a far better service than some independent pilot who is merely trying to make a living out of putting a tugboat out of work. Using a very small tug and trying to get by with inadequate towing power is not as good a service as the service the Shipowners and Merchants Tugboat Company has been giving the customer for many, many years.

When a ship breaks down, they holler like hell for the big tugs. When the winter weather comes along, the big tugs are extremely popular, and the little tugs aren't worth a damn when conditions are difficult.

This is peculiar to San Francisco Bay. Every other port in the United States wouldn't dream of using the small tugs that they use here in San Francisco Bay with the independent Bay pilots. In fact, some of the tugs are tugs that were laid up in Los Angeles Harbor years ago because the pilot said, "These tugs are no good; we can't use them. They're totally inadequate for our regular service."

Feingold: These are now being operated independently here?

Crowley: Yes, they're being operated independently here.

Feingold: How is it that these tugs can operate in San Francisco Harbor? Is it just that there are no regulations?

Crowley: No. The reason that they operate here is because the independent pilots get by and promote these small tugs because they feel that the big tugs operated by Shipowners and Merchants Tugboat Company

Crowley: are in competition with them by putting the tugboat captain on the bridge of the ship and handling the ship, doing what they call the pilot's work.

This is in spite of the fact that most of these fellows formerly learned their trade working for the Shipowners and Merchants Tugboat Company and were taught by the company how to go on the bridge of the ship and handle the ship with a good big tug alongside.

That's our free enterprise system. If they want to go out and sell their service to the shipowner, and any shipowner is stupid enough to rely on an independent pilot that has no tug or a totally inadequate tug, if they're willing to pay the bill for that, it's a free country and they're entitled to do so. Someday, they'll end up with a damage claim that will make them wish they'd never thought about it in the first place.

Feingold: In that '69 strike, to get back to that for a second, I came across a newspaper clipping that there were five tugs from Puget Sound Tug and Barge that worked on the Bay?

Crowley: Yes. You see, this '69 strike got to be a hell of a union battle. It was a very involved situation.

In the first place, there are three unions on the Red Stack tugs; there's the MM&P, the MEBA and the IBU. The union that went on strike was the MEBA. Now, members of the MEBA also act, not only as engineers on tugs, but they act as operators of small tugs.

The members of MEBA that were acting as operators of small tugs were employed by others who brought small tugs in here to do the work that the Red Stack Tugboat Company was doing. Murphy Pacific Salvage Company signed a contract with the MEBA to give their members employment on their tugs while the strike was in progress.

The Inland Boatmen's Union that represented the deck hands on the Shipowners and Merchants Tugboat Company and the Masters, Mates and Pilots decided they were being done out of their jobs by these marine engineers acting as operators.

The Inland Boatmen's Union's president in Seattle offered to man the tugs of Puget Sound Tug and Barge Company in San Francisco Bay if the company would send them down here manned with their men. The company sent them down here, but the union failed to stand by its agreement and would not operate the tugs. As a result, it cost the company some money and the tugs were sent back to Puget Sound.

Feingold: So they didn't operate on the Bay at all?

Crowley: They operated a little bit but not very much. Mixed up in that was the California Inland Pilots' Association. Half of the Shipowners and Merchants Tugboat Company tug captain pilots formed the Inland Pilots Association in order to develop work for themselves. They were going into business for themselves as independent pilots.

They tried to boycott the Puget Sound tugs, too, because the Puget Sound tugs were working with the remaining tugboat captain pilots who were loyal to the company and worked out of the union hall.

It's a very complicated situation. It was all mixed up. The Marine Engineers Beneficial Association was at the bottom of it. They later found that the independent pilots took them for a ride and they lost a lot of jobs because of it. They have since realized that it was a mixed up situation and they should not have done what they did, but that's water over the dam and there's nothing they can do about it.

Feingold: Weren't you telling me once that Charlie Black or someone made that admission to you?

Crowley: Yes. Charlie Black said, "Gee, we made a hell of a mistake."

Feingold: To strike at all?

Crowley: Yes. Because what they did when they went out on strike, they ruined a lot of good jobs and turned them over to a bunch of independent businessmen pilots who don't use tugs except when they have to. As a result, those jobs were permanently lost to the engineers who would have worked on those tugs. They didn't realize at the time that that's what would happen, but they're finding out now.

Lots of labor difficulties ruin a lot of jobs. If the truth of the story were known to union members and whatnot throughout our economy, there'd be a lot less of the troubles that we have. The difficulty is that when a union businessman makes a mistake, he sure doesn't go out and broadcast it from the treetops. He doesn't say, "Gee, we lost a lot of jobs; we shouldn't have done that." He says, "We won the strike and we got you better wages and working conditions," although half the poor devils may be on relief and not able to get a job anyplace else.

Union Politics

Feingold: Is that what you were talking about a couple of sessions ago when you spoke about power politics within the unions? You were mentioning it in connection with Bay Cities and Harbor Tugs being in good with the unions, whereas Crowley Launch and Tug wasn't.

Crowley: There's a lot of power politics in the unions. Unions, one must realize, are a political body, and the fellows who control unions are politicians in the sense that they control it. They're somewhat like the politicians of the Third Reich--they're dictators first and politicians second.

They use their political activities to get to the top of the heap, then they use their dictator activities to stay on top of the heap, as was evidenced by Zablonksi and a few others in the coal industry. [United Mine Workers of America]

In my opinionn, the American public is totally naive as to union politics and union pressures and so on and so forth, just as we are all somewhat naive as to political activities such as Watergate. When we find out about them, we're really shocked. They've been going on for years and will apparently continue to go on. When they sometime get out of hand, like Watergate has gotten out of hand, something has to be done about it.

Feingold: Do your companies in other ports have the same sort of difficulties with labor unions, like in Puget Sound and San Pedro?

Crowley: Yes. Sometimes it's better, sometimes it's worse, but they're the same sort of problems.

Feingold: Are they the same unions?

Crowley: Yes, the same unions but different locals, and there's a different business agent in charge of that local. A lot of it depends on the business agent and what kind of a nut he is.

Feingold: Is there much competition among the various unions?

Crowley: Oh, yes, there's considerable competition, but the National Labor Relations Board keeps that in hand. The unions can't go out and raid other unions if they're certificated by the National Labor Relations Board. There's always battles along those lines. You've been reading in the papers, I presume, about Cesar Chavez [leader of the AFL-CIO affiliated United Farm Workers Union] and the Teamster's Union.

Feingold: I certainly have.



Crowley: It's the same. It's just competition between the unions.

Feingold: Short of raiding each other's membership, are there ways that unions like the Masters, Mates and Pilots and the MEBA are in competition?

Crowley: Yes. Masters, Mates and Pilots would dearly love to control all the small tug operators, but they happen to belong to the MEBA and the MEBA is certificated by National Labor Relations Board to represent those men. Masters, Mates and Pilots is always trying to figure out some way of getting those men away from the MEBA, but there isn't much chance of doing it.

Recently, the Masters, Mates and Pilots has come up with a new scheme. Some tugs came down into San Francisco Bay operated by a company called Western Willamette, who is mainly a contractor. They have a contract with Masters, Mates and Pilots on the Columbia River, and that's a top-to-bottom contract. They're running their small tugs as members of Masters, Mates and Pilots, and there's quite a battle going on there between the MEBA and the MM&P to see who will win out in the end.

Feingold: What is a top-to-bottom contract?

Crowley: That means that everybody on the boat belongs to the same union. You don't have separate unions. This is the only way that the American merchant marine can exist. Eventually, we'll have top-to-bottom unionization as espoused by Paul Hall of the Seafarers' International Union.

It all ought to be one union. When you have more than one union, each union is trying to whipsaw the other one. You have nothing but strife and trouble and wages go up ridiculously by the device I told you of percentages and flat increases. It becomes totally unworkable. That's about the way the American merchant marine is today.

Feingold: So the industry would be open to the idea of top-to-bottom unionization?

Crowley: Yes. The employers don't have anything to say about it. If they had something to say about it, they would obviously rather deal with one than three different ones.

Feingold: I can see where that would raise the hackles of the other unions.

Crowley: Yes. It's really a mess, and I don't know what the answer to it is.

Relations with the ILWU

Feingold: Have any of your companies had any dealings with the ILWU?

Crowley: Not recently. In recent years, we haven't had much to do with the ILWU. Bay Cities Transportation Company used to run a barge line on the Bay. They hired what were then called bargemen. They were fellows who loaded and unloaded the barges with jitneys and hand trucks and things like that.

This union was affiliated with the ILA--International Longshoremen's Union--before the '34 strike. Then it continued to remain loyal to the ILA when the stevedores' union or longshoremen's union became the ILWU under Harry Bridges.

This bargemen local consisted of about a thousand men. With the ever-increasing wages and the advent of the bridges and motor trucks and so on, the employment opportunities started tapering off, particularly after they went on strike a couple of times.

Finally, the bargemen's local got so small that it couldn't support the ILA so they affiliated with the ILWU. They withdrew from ILA and affiliated with ILWU.

After they were affiliated with ILWU for a couple of years, then they were just blanketed into the longshoremen's union and the bargemen's local disappeared and the work for bargemen disappeared. When they were blanketed into the ILWU, that was the end of our negotiations with them. The ILWU would send a contract down and say, "This is it; either sign it or stop working." We finally just stopped working; it became economically unsound.

Feingold: I would imagine, though, that the ILWU's actions would effect your company.

Crowley: Yes, sure. When they tie the waterfront up, we've got no business, and there we are; there isn't much we can do about it. Certainly the activity of the ILWU in tying the waterfront up raises hell with us. But we don't have any contract with the ILWU nor do we employ ILWU stevedores for any services whatsoever.

The last ones we had were when we were running the container barges of Puget Sound-Alaska Van Lines out of California and Seattle to Alaska. The ILWU at that time decided that we should have ILWU men tie the barges up. We had to go before the National Labor Relations Board and had a law suit and a landmark decision. Nine months after the episode, they decided we were perfectly right.

Crowley: By that time, we'd gone out of the business because you can't wait around for nine months to find out where you're going. That's the last dealings we had with the ILWU, back in about '62 or '63.

Frankly, if we have to go into a business where we have to employ ILWU people, we probably won't go into that business, because life's too short for that kind of nonsense.

Feingold: Are they that difficult to deal with?

Crowley: Not only difficult to deal with, but they don't work. They don't produce anything for the dollars paid, and conditions are impossible. You can't make money doing business that way.

### The MEBA

Feingold: A couple of weeks ago--to get back to the MEBA--you mentioned Joe Jerome. I'd like to pick up that thread of the story.

Crowley: I see. Joe Jerome was a gas skinner at Harbor Tug and Barge Company. He was some sort of a war hero in World War I; I don't know--Les Bedient knows all about that. In fact, Les Bedient was Joe Jerome's deck hand when he was running a boat for Harbor Tug and Barge Company.

Then Jerome got involved--he'd always been a member of the Marine Engineers Beneficial Association. When the MEBA went out and got all the deep water engineer members, it expanded in size tremendously and Joe Jerome got a job up there as patrolman. He was riding around in his Cadillac and working things out for the MEBA, so to speak.

He's had quite a colorful history and did a lot of many colorful things and was part of the ruling hierarchy up in the MEBA.

Feingold: You must have dealings with him then.

Crowley: Yes. We had a lot of dealings with Joe. He worked very closely with Harbor Tug and Barge Company, but he didn't work that closely with Crowley Launch and Tugboat Company.

There was another fellow named Bart Malone who was president of the Marine Engineers Beneficial Association. He would run the meetings. He also was a working man and ran a boat for the Board of State Harbor Commissioners. He spent most of his time on union business but got paid by the Board of State Harbor Commissioners for running this tugboat Governor Stevens.

Feingold: What's the story of Murphy Tug and MEBA? You were mentioning several sessions ago that they're tied in pretty closely.

Crowley: Yes, they were. A little earlier in this discussion, I told you that Murphy Pacific came in and went to the MEBA and said, "We'll employ your men to run our boats and pay you whatever you want while the Red Stacks are out on strike."

Murphy Pacific worked with MEBA, and MEBA worked with Murphy Pacific, and thereby put the independent pilots in business, which in turn eliminated a lot of tugboat jobs for MEBA men. Murphy Pacific finally went out of business in May of 1971.

Then Roger Murphy, in about July of 1971, started up a new tugboat company that he called Murphy Tugboat Company. He's been working fairly closely with some of the members of MEBA. But after MEBA discovered that he wasn't living up to the contract--wasn't paying the guys the wages--they had a little bit of friction between Murphy Tugboat Company and the MEBA.

Now the fight is friendly, but the former MEBA members are still in the company, so to speak.

Feingold: I had the impression that some of the MEBA people were part owners of some of the tugs.

Crowley: Yes. A fellow by the name of Jensen is an engineer down there. It is rumored that he's a part owner, but nobody seems to know. Jensen, and [inaudible] and also there's another fellow who used to be a patrolman for MEBA who's now working for Murphy, but he's on the outs with MEBA now because he is working for Murphy and Murphy doesn't pay the wages. What's his name?

Feingold: Just a minute; I may have his name here. Coleman?

Crowley: Yes, Coleman.

#### Comparison with East Coast Conditions

Feingold: How do labor conditions here compare to the East Coast?

Crowley: They're worse here than they are on the East Coast. On the East Coast there's a lot of non-union guys operating out of the southern states. However, out of New York harbor, they've got an impossible tugboat situation there in the way of a labor contract. They don't operate any ocean-going tugs out of New York harbor. But every New York tugboat company of every size who wants

Crowley: to go to sea--they have a stooge company in Charleston or down in the Gulf that does the outside towing under a different name and a different contract.

Feingold: Are they contracted with the MEBA also?

Crowley: No. New York is Local 333. It used to be affiliated with the ILA; I think it's completely independent now. It's just a tugboat-men's union. [checks record] No, they're not affiliated with the ILA anymore; they're not affiliated with anybody I don't think.

They've got ridiculous working conditions in the harbor. They're not as bad as they are here, but they're pretty bad. As a result, they can't send tugs from New York to sea. They've got to operate them out of some other port on the East Coast.

Feingold: What sort of working conditions do they have in New York?

Crowley: They've got a four-watch system whereby there's four crews attached to a boat.

Feingold: To a tug?

Crowley: Yes, to a tug. And a lot of nonsense. It's just extremely expensive, but the tugboat people have just raised their rates to make up for it and the shipowners are paying through the nose, but what can they do about it?

Feingold: Is there a watch system out here?

Crowley: No, because we don't have enough work to keep busy. Our work is mainly early in the morning and late at night, when the ships come in, and then they shift or go to sea after the longshoremen have stopped working. There isn't enough work here to really bother with a watch system. Plus the fact that the men wouldn't work a watch system in the Bay Area because they never have and they won't do it.

Feingold: With the sixteen-hour-day plan, as it functions now, if let's say a tug worked in the early morning and then again in the late evening, would the same crew be working it?

Crowley: Yes. They will work twenty-four hours a day, but they will only work sixteen hours in the twenty-four. Then they have to have certain specified rest periods in the sixteen and the twenty-four hours. Then they go home for eight hours of the twenty-four, if they're tied up at the home port.

Feingold: It doesn't sound like they're on the tug very much.



Crowley: No. It's too complicated to really explain it to you; it would take all day to explain all the in's and out's of it. Essentially, it means that we have to pay them sixteen hours' pay for five consecutive days whether we got one hour work for them or whatever.

Feingold: I see. They get a guaranteed wage for five days.

Crowley: Yes. Then they're off for nine days.

Feingold: I see. That really does put you in--

Crowley: A ridiculous situation.

Feingold: If there isn't much business, you are paying all the engineers to sit around.

Crowley: They're getting two weeks' notice before you lay them off, and stuff like that.

But they're really killing themselves because they're the ones that get the most out of it anyway. The wages amount to the biggest part of the revenue; if they kill the gross revenue, they kill their wages. That's their problem. It won't cause me to starve to death, that's for sure.

Feingold: How do your companies negotiate with the unions?

Crowley: We used to negotiate when various managers would negotiate their own contract. Now we negotiate with the manager negotiating the contract and an industrial relations guy from Seattle, Dick Osborne, sits in with them and goes into all the contracts to make sure that they're right.

The contracts are so complicated now that it takes a guy full time to keep track of all the details. They impinge on one another so that it's very complicated.

Feingold: He works out of Seattle?

Crowley: Yes.

Feingold: Has that worked out?

Crowley: Yes, that's worked out much more satisfactorily than our old method of doing it. It doesn't mean that we've got any better conditions or any change in not fighting with him constantly; at least it coordinates what we're doing so that we know a little bit better what we are doing or we're not doing.

## XV GOVERNMENT REGULATION AND ASSISTANCE

[Interview 7: June 19, 1973]

Dumping Wastes

Feingold: Have the environmental agencies around San Francisco had any direct impact on the tugboat industry?

Crowley: To some extent. For example, we used to take waste pickle liquor to sea and dump it. That's been eliminated.

Feingold: Take what to the sea?

Crowley: We took the waste pickle liquor from the Columbia Steel Plant up at Pittsburgh. They have a continuous strip mill up there where they thin out plate and then tin it and make tin plate for making tin cans for the California canning industry.

This necessitates soaking the steel in a sulfuric acid bath. When the sulfuric acid bath is spent and becomes mainly ferrous sulfate, they have to dispose of it some way. For twenty years or so, we took the waste pickle liquor out to sea, out beyond the light ship, and dumped it. This has been stopped because of the Environmental Policy Act, which cut out a certain amount of towing on the Bay.

Also, in the summertime we used to take the cannery waste, peach pits and skins and whatnot that were ground up by the Oakland Scavenger Company, out to sea and dump it. They stopped that because you can't pollute the ocean.

Whether these things pollute the ocean or not is a question. They claim that the waste pickle liquor hurt the crabs out here. But we have been doing it for twenty years, and for the first ten years that we dumped waste pickle liquor outside the gate, the crab catch went up, up, up; the last ten years it went down, down, down. Did the waste pickle liquor help the crabs or did it hurt them? You could argue it either way from the record, from the facts.

- Crowley: I say that if for the first ten years the crab catch went up substantially, the waste pickle liquor must have helped them. I argued this up at the Fish and Game [Commission] and they said, "Well, what difference does it make? It's fashionable not to dump stuff in the ocean; we just won't dump stuff in the ocean." They are saying, in effect, "My mind's made up--don't confuse me with the facts."
- Feingold: Where do you dump it now?
- Crowley: Now the waste pickle liquor is taken and it's chemically neutralized and dumped out in the hills someplace.
- Feingold: Where it's presumably--
- Crowley: I don't know; that's a deep, dark secret. If anybody finds that out, then they'll start hollering about "you shouldn't dump it here; you shouldn't dump it there."
- Feingold: What about the peach pits; what happens to them now?
- Crowley: I don't know. They take them out and now they put them in a dump over at Livermore so all the flies and the smell and the bugs get in them. That's why they took them to sea in the first place, peach pits and the cannery waste were so offensive. When it rots it draws a lot of flies and bugs and stuff like that. They found this was a better way of getting rid of it; they did it for a number of years. Then the environmentalists got into the act and cut it out.

#### Alaska Oil Pipeline

- Feingold: Have the environmental controls had any impact on ship building and construction around the Bay that would effect the tugboat industry?
- Crowley: The greatest impact environmentalists have had on the Pacific Coast in shipbuilding, ship operation, tugboats, the energy crisis--the whole works--is the Alyeska Pipeline. The environmentalists have been holding up the Alyeska Pipeline, which has had a tremendous effect on the shipping industry and its allied industries on the Pacific Coast now for a number of years.

Todd's Shipyard in Alameda built a \$15,000,000 floating dry dock to be able to dry dock the tankers that bring the oil down. Now that thing is sitting over there at Alameda doing nothing because they're all fighting over the pipe line.

Crowley: Bethlehem, not to be outdone, built a \$16,000,000 floating dry dock at their plant out here. Now it sits there doing nothing because they're not bringing the oil in by domestic tankers. They're bringing it in by foreign flag tankers from Indonesia and Saudi Arabia. These foreign flag tankers go back to Singapore and get dry docked at Singapore.

I think that's the biggest single impact the environmentalists have had on the shipping industry on the Pacific Coast, and it's an important one, a very important one. This has also had a tremendous impact on the entire economy of the Pacific Coast because crude oil is a raw material for refineries, petro-chemical plants and for many allied industries.

The Pacific Coast had stumbled onto a huge source of raw materials--a million barrels a day, with the hopes of increasing it to two million barrels a day. This would have been a tremendous boost to the petro-chemical industry on the West Coast. You would have seen petro-chemical plants under construction all up and down the West Coast of the United States--the Puget Sound area, the San Francisco Bay area, the Los Angeles area.

The Gulf Coast area--you've heard a lot of people talk about that Astrodome in Texas and the tremendous expansions in Louisiana and Texas and so on? A great deal of this is occasioned by the fact that there is oil down there. Texas and Louisiana produce tremendous quantities of oil. This is the raw material for all the industries.

Unemployment, the energy crisis, the lack of tax base for taxing and thereby overcoming slum improvements and all that sort of stuff have been tremendously hampered by the hold-up on the Alyeska Pipeline. This, I think, has had a tremendous impact on the shipping industry and many other industries on the West Coast.

Some of the arguments that are put up on the Alyeska Pipeline are just absolutely ridiculous and they're insults to the average person's intelligence, but they swallow it. They say, for example, that the Canadians don't want the British Columbian coast exposed to terrible spills of oil by tankers; therefore, we'll build a pipeline through Canada. If the pipeline breaks in Canada--and it's three times as likely to break in Canada because it's three times longer--you're going to have oil all over Canada.

Another thing: if they don't build the pipeline and they don't bring the oil in, the oil will have to come in via foreign flag tankers from Indonesia, Saudi Arabia and so on. Those ships coming in the Straits of Juan de Fuca and on up to the refineries in Puget Sound are just as likely to spill oil as the ship coming

Crowley: down from Alaska. In fact, they're more likely to spill oil because ships running from Alaska down here would be in and out every couple of weeks and would get to know the country a lot better.

This is the major reason for ship catastrophes: some fellow's going someplace that he's never been before and he doesn't know what the hell to expect. He runs the ship aground and you get oil all over the place. By having foreign ships come into Puget Sound, you have more of a chance of spilling oil in the Canadian waters than you do by having it come down in American flag ships.

The ridiculous part of the whole thing is that Canada imports about a million barrels a day of crude oil from Venezuela into the Canadian east coast by these very large crude carriers. It's perfectly all right to import crude oil to the Canadian Atlantic coast that is full of rocks and dangerous navigation places--much more so than any place on the west coast--but it's not any good for the Canadian west coast to have tankers run from Valdez down to Los Angeles that don't come within two hundred miles of the British Columbia coast.

The average person doesn't think these things through. They say, and a lot of people are even still saying, that the energy crisis is just a hoax by the oil companies to put the independents out of business. That's the stupidest thing that anybody ever thought of. If the oil companies want to put the independents out of business, they could have done it a long time ago. That's no problem. The energy crisis is not something that's put up.

Senators and congressmen are actually saying that. It's either they're saying it because they're plain stupid or because they are merely trying to make a political point, and I think it's the latter, particularly the senators and congressmen from the midwest. What they want to see is a Canadian pipeline because that would bring a million or two barrels a day into the midwest, which then would build the petro-chemical and refining and allied industries up tremendously in the midwest rather than on the Pacific coast, but nobody on the Pacific coast can see further than the end of their nose.

Feingold: The newspapers don't bring out where these congressmen are from; they just recite the figures.

Crowley: As far as the Sierra Club is concerned, I think the Sierra Club is a great thing and always has been, but it's run by a bunch of idiots now who are doing nothing but trying to stop everything without any viable alternatives. It's all very well to say, "Stop breathing; you're exhaling CO<sub>2</sub> into the atmosphere." But there's no viable alternative.



Crowley: Now that I've made my little speech on the Alyeska Pipeline, I haven't answered your question.

Federal, State, and Local Regulatory Agencies

Feingold: That brings to mind some other questions I have read the relations between your companies and other federal regulatory agencies, like the Federal Maritime Commission. Do they have any regulatory powers effecting you?

Crowley: No. The Federal Maritime Commission regulates foreign and off-shore waterborn commerce of the United States. We, in our Puget Sound-Alaska Van Lines Service to Alaska, were subject to Federal Maritime Commission regulations as far as rates, fares, charges and the way we conducted our business.

We got our bellyful of the Federal Maritime Commission regulations because the government agencies that regulate these trades are government agencies, and just that. They have all the same frailities that all government agencies have, they don't know what the hell they're doing half the time.

When we went into the Alaska Hydro-train Service, Senator Warren Magnuson had introduced a bill that had passed both houses and was signed by the president that joint through rates of a land carrier and a water carrier, where the land carrier was subject to ICC and the water carrier was subject to FMC, would be regulated by the ICC.

So, we filed a joint through tariff with the Alaska railroad with the ICC so that, in our hydro-train service, we were regulated as to rates by the Interstate Commerce Commission. Our experience with them has been no better than the regulation by the FMC was prior to that.

After we did that, then the other carriers in the trade cancelled their Federal Maritime Commission tariffs and filed ICC joint through rate tariffs with land carriers, such as the truckers in Seattle that truck cargo down to the dock. FMC took it to court and the courts upheld Alaska Steamship Company who has since gone out of business. All the remaining carriers to Alaska are now ICC regulated by joint through rates that were authorized under the Magnuson Bill.

We are regulated by Interstate Commerce Commission on certain movements of freight in the Bay Area that are ICC regulated, but it's a very minor amount of our business.

Crowley: We are also regulated by the Public Utilities Commission of the state of California on transportation of freight and passengers for hire in intrastate commerce, but that is a relatively small portion of our business, with the exception possibly of the passenger hauling.

Feingold: What would that cover besides Harbor Carriers.

Crowley: That's all, just Harbor Carriers. In the sightseeing business we had a competitor some years ago who went before the Public Utilities Commission and requested a certificate of public convenience and necessity for sightseeing from Fisherman's Wharf out around the Bay and back to Fisherman's Wharf, as a regulated trade.

The Public Utilities Commission decided that it was carrying passengers between points in California and therefore should be subject to regulations. We protested and objected and carried it to the supreme court of the state of California.

The supreme court decided in our favor, that the Public Utilities Commission had no jurisdiction over the transportation of passengers starting from one point and returning to that same point because it was not the transportation of passengers between points in California.

The reason that we carried that to the supreme court was that we did not want to be regulated by the Public Utilities Commission. We felt that that sort of business was not covered by the act when the legislature passed it. The legislature was very specific in stating transportation of persons or property between points in California, and we thought the language was quite plain.

Our competitor wanted to get it certificated so that he could keep anybody else out of the business. We felt it should be kept open to anybody that wanted to get in the business because basically that's how my father got started in the business in the first place, with a rowboat, taking people out to ships in the stream and bringing them back. Why should it be regulated if the legislature didn't intend it to be regulated? Why should it be made into a monopoly if it was not necessary that it be made into a monopoly?

That was our landmark argument of principle, you might say, with the Public Utilities Commission of the state of California. We still have relations with them. We have a certificate of public convenience and necessity to run to Catalina, which we're trying to get extended to go not only to Avalon but other points on

Crowley: Catalina because nobody else will give service. The Commission has said, "Well, you ought to have it, but we haven't got around to it."

To the layman, regulatory bodies run by the government are just a fantastic bunch of nonsense, but we have to live with them. We do the best we can.

Feingold: Does the California Supreme Court ruling still hold?

Crowley: Between points. Yes. If you start from one point and return to that same point, it's not subject to Public Utilities Commission regulation. But if you transport passengers between points, then you are.

A couple of years ago, we applied for permission--rights--to run from Long Beach to Catalina. We already had Long Beach to Avalon. Then we wanted to run from Long Beach to various Boy Scout camps along the shore of Catalina. The Commission, after spending a year thinking about it, came out with a decision that if the boat ran from Long Beach to the Boy Scout camp and laid there all day and waited for all the people to get back on the boat and come back again, that would come under the landmark decision of the supreme court, starting at one point and returning to the same point. They could get off the boat provided they all got back on the boat and came back again at the end of the day.

That didn't require Public Utility regulation. But if the people got off the boat and stayed off the boat, then that was subject to Public Utilities Commission regulations.

Feingold: It sounds like it depends on how long they were staying off the boat and if they all got back on, with someone counting noses to make sure.

Crowley: Yes. If there's anything stupider than that, I don't know what the hell it is. That's the kind of nonsense you've got to deal with with the Public Utilities Commission.

The Boy Scout camps have no service now except our service, which we are performing illegally. They have complained to the Public Utilities Commission--on many occasions have gone up there and screamed and hollered and so on--and the Commission still has the matter under consideration as to whether we ought to have rights or not. We are presently operating illegally to these points. If we stop operating, the Boy Scouts will not be able to have their summer camps on Catalina. In the meantime the Commission is wrestling with the problem and hasn't come out with any decision.

Feingold: Commissions manage to wrestle with problems for a long time.

Crowley: The obvious answer is, for Christ's sake there's no other way of getting there and getting back and the customers want the service, and the Boy Scouts have to go over in reasonably safe boats. There's another fellow down at H-10 water taxi that has rights but he doesn't have any good boats. If they go over there, they get soaked to the skin going over and soaked to the skin getting back, and can only go in the best of weather.

When you're taking Boy Scouts over to a camp, you shouldn't be soaking them nor should you be taking any risk with them whatsoever in an inadequate boat. But the Commission can't come to grips with the problem.

Feingold: Do you remember what the name of that landmark decision was in the supreme court?

Crowley: No, I don't [Mr. Crowley consults Opinions and Orders of the Public Utilities Commission of California].

It was interesting looking through all these books seeing all the decisions that Harbor Carriers had--applications for rights to run here, there and everywhere. This is one: June 3, 1969 "Harbor Carriers denied permission to operate its common carrier between Long Beach and Avalon, Santa Catalina." Dissent per Commissioner [name may be misspelled] Edward Cassen.

Then there was another decision where they amended this decision and gave us rights to operate; I don't know what decision that was. You could go on with this stuff forever. PUC is just a total waste of time in my book. It's interesting to read it if you don't have anything else to do, but it's just unbelievable the amount of detail they go into. It's all mainly a bunch of nonsense. I remember years ago I used to go to the Commission when I was learning the business and I used to read some of the activities.

Here's a decision of December 2, 1969. "Application of Harbor Carriers for certificate to provide boat service between Long Beach and the Catalina Island. Granted." So it was finally granted. It was denied on June 3, 1969, and it was granted on December 2, 1969. You could go on and on and on.

Feingold: When you were talking a moment ago about the ICC, I remember that you showed me several weeks ago a statement that you wrote for the ICC justifying why your profit margin should be allowed to increase.

Crowley: That was the rate case. We made an application for rate increase for Alaska Hydro-train. They came up with a decision that was obviously politically inspired at the time of President Nixon's



Crowley: first price freeze saying that we were entitled to a 2 percent rate increase, which would give us a return on invested capital of 3.3 percent. That was an ICC decision; did you want the number of that one?

Feingold: No. We could find it in the records.

Crowley: That case has been appealed and is still under submission. The status of it today, after President Nixon's price freeze again, I don't know. I'm supposed to testify in the latter part of July in connection with this.

Feingold: Where are you testifying--in Washington?

Crowley: No, in the Pacific Northwest. Seattle. I wrote this ten page statement saying why we ought to get the increase.

Feingold: Do they regulate any of your other companies in this way?

Crowley: Interstate Commerce Commission regulates the transportation of freight between the states and also to Alaska, where there are joint through rates. We have ICC rights in San Francisco Bay on interstate commerce, but it's very rarely that anything moves under them. Bay Cities Transportation Company has to keep their books in accordance with ICC regulations because of the ICC operating rights that they have.

Feingold: What does that mean, that they have to keep their books in accordance with ICC regulations?

Crowley: ICC has specified chart of accounts. You keep your accounts in the form in which the Interstate Commerce Commission wants you to rather than the form you think is best for your business. As a result, we keep a set of books for the Interstate Commerce Commission, another set of books to run the business, and a third set of books for the Bureau of Internal Revenue, because they insist on their method of keeping depreciation records.

Feingold: You must have to spend all your time keeping books!

Crowley: I don't think the average citizen of the United States realizes the problems that business has to go through. It's getting worse and worse and worse. This completely stifles the opportunity for some guy starting in.

It isn't every business that's faced with that. Transportation is particularly difficult, but there are other businesses. Look at farming. My God, you've got to get allotments to grow rice; you've got to put your wheat in a pool. It just goes on and on and on.



Feingold: I came across a note that's related to this. In 1949, there was some problem with the city assessor about if tugboats were transportation or not and could therefore be taxed under personal property. The city assessor at the time rules that barges were transportation but not tugs.

Crowley: Forty-nine? I think we had that decision then and we went to court on it. The court decided that since tugs assisted ships in carrying into port--and they were carrying freight--that the tugs were actually engaged in the transportation of freight or passengers and therefore exempt from taxation.

That held up until a few years ago when the LA assessor came after us. He took it to the courts and the courts decided the other way, that we were liable for taxes, so we've been paying taxes for the last four or five years.

Feingold: Just in LA or here also?

Crowley: Here also.

Feingold: Was that a landmark decision--the recent one--or was that fairly standard?

Crowley: It was a landmark decision for us because we got stuck with taxes and it reversed the former decision, and there was no alternative.

Feingold: What sort of reasoning did the court use that suddenly tugs were not transportation?

Crowley: That since they only assisted the ships to dock and did not actually carry the cargo on the deck, they were not engaged in the transportation of freight. These are two diametrically opposed decisions, but the court can do that.

Feingold: Do you have much to do with the U.S. Coast Guard?

Crowley: Yes. The Coast Guard regulates the inspection of vessels--oil barges and passenger vessels. They have jurisdiction over safety, fire fighting and that sort of thing, manning, licensing a vessel, personnel, investigation of accidents, and stuff like that. We have considerable activity with the Coast Guard from time to time. We work with them.

They have a problem of training their people in how to regulate commercial safety. They don't know anything about it. They have to learn, so they have training programs where Coast Guard men come to industry and learn how to tell the bow from the stern of a tugboat, how the engine works, and stuff like that. [laughter]

Crowley: They're pretty good; we've worked with them. They don't get too difficult. Occasionally they do, but they're generally fairly cooperative. It's the blind leading the blind.

The Coast Guard also is involved in search and rescue, and rescue activities. When a vessel goes ashore or something like that, they send helicopters and lifeboat crews and things of that nature. They're pretty cooperative and try to help you out as much as they can. We used to fight with the Coast Guard because they liked to get in the towing business. When a ship broke down outside, they'd send a tug out and tow her in. We felt they were competing with private enterprise.

They've gotten over that hitch because, as time has gone on, the Coast Guard has been building more and more appropriations and building bigger and bigger Coast Guard vessels. Now the Coast Guard vessels are so big they can't tow anything. We don't have to worry about that.

#### Navy Competition

Feingold: Then I have a note here that in 1950 commercial shipowners protested to the undersecretary of the navy that Navy and Military Sea Transport Service was competing with private enterprise in servicing navy ships, and that you were one of the speakers along with Mr. Elledge and Henry Nickols of Nickols Transportation Company and a number of others.

Crowley: That's been going on ever since the end of World War II. We are still fighting it. In fact, it's making a little more progress again today because just last week there was a fellow by the name of Jim Rosapep [name may be misspelled] from the domestic branch of the Maritime Administration. He's taking a trip around the country talking to all the tugboat people in the domestic ports of the United States and surveying the navy tugs and trying to determine if the navy should get out of the tugboat business.

He is convinced that the navy has no business in the tugboat business.. If you join the navy, it's in order to become a navy sailor or run a war ship of some kind and not be a tugboat man. There's a move afoot to get the navy out of the tugboat business. The navy operates 264 tugs throughout the United States in domestic ports, which is nothing more or less than a duplication of commercial tug services.

Crowley: In fact, in San Francisco Bay, the navy operates more tugs than the commercial operators. Of course, they don't do near the amount of business, but they run the tugs around. You look out on the Bay any day; you can see navy tugs running around. God knows what they're doing, but they're running around.

Feingold: Maneuvers.

Crowley: Maneuvers. I've made countless trips back to Washington, wrote countless letters. In fact, it got so bad--we pursued this policy all through the late forties and the fifties--in about the mid-sixties we were told by navy personnel that if we didn't learn to keep our goddamn yap shut, we wouldn't get any navy work. We stopped talking about it.

In recent years I've been able to con Tom Moran\* into hollering about it. He's hollering about it now. He was always content and his father was always content to lie back in the weeds and let us do the hollering. Then he'd say, "Tsk, tsk, tsk," sympathizing with the navy men, trying to get their work. His son is not quite as two-faced as he is; he's been out trying to get navy work and get the navy out of the tugboat business.

The shutting down of this San Francisco naval shipyard will have a tremendous impact on this sort of thing. The navy, like every other government agency, wastes fantastic sums of money doing things that they shouldn't be doing. There's no excuse whatsoever for any naval shipyard; why can't navy ships be repaired in commercial shipyards the same as every other ship? No, the navy runs their own shipyards.

Congress found out years ago that whenever the navy built anything in their naval shipyards, it cost about three times as much to build it as what it would cost to build it in the commercial yard. They cut out new construction in navy shipyards. They shut down the Brooklyn Navy Yard, and now they're going to shut down the San Francisco Naval Shipyard and probably save a billion dollars a year or some thing like that.

If they cut out operating their own tugs, they could save a substantial amount of money too, but it wouldn't be nearly as much money as they waste in the naval shipyards. Hunters Point Naval Shipyard--or any naval shipyard--operates on the principle that they have a given work force--say 5,000 men or 8,000 men--and those men come to work every morning and go home at night.

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\*Leader in the tugboat industry in New York City.

Crowley: The ship repair industry--commercial ship repair industry and ship repair throughout the world--functions on the basis that when ships come in, you hire men to repair them; when the ship leaves the shipyard, you obviously have nothing left for the man to do so you lay him off again. Only the men that are necessary to work on the ship come in in the morning.

Navy shipyards don't run that way. They just bring in 8,000 men whether they've got a job in the yard or not. Obviously, it's a pretty expensive way to repair vessels. But the navy likes to operate navy yards because that gives them a tremendous political power, voting power. All these people that work in the navy shipyards vote the way the navy yard commander tells them to vote to keep their jobs going. Navy politics.

Also it makes a lot of nice soft purses for naval officers. Rather than having to go to sea and be on an uncomfortable ship, you can have a beautiful home up at Mare Island Navy Yard and play golf everyday. There's a lot of reasons for it. None of them is economic or sound.

The same thing applies to tugboats. The navy has places all over the country. There never was a substantial cutback in military activities after World War II. Now they're just kind of getting around to it. If we're going to fritter money away on pollution control, we're going to have to stop spending money on national defense, or stop throwing the money away. We're going to have to cut down on national defense expenditures some way.

#### Changing Transportation Legislation

Feingold: To move to another area of federal concern, I have another note that in 1961 you were active in protesting President Kennedy's freight rate bill that would have allowed railroads to fix their own freight rates on bulk and agricultural commodities.

Crowley: We're still arguing that one. The Surface Transportation Act is supposed to be coming up. There hasn't been a major revision in the transportation laws in the country for many years. Kennedy suggested to the Congress that they pass a law that would allow the railroads to establish any rates they want and also--I think common ownership was also in the bill as well--that the railroads could own and operate water carriers.

This has always been a policy that Congress has felt very strongly about, that one form of transportation should not own another form of transportation. If they do, they can prevent the



Crowley: development of another form of transportation by killing everybody else in the business by highly competitive rates and then killing the business itself.

This happened in California in the early days when Southern Pacific [Railroad] came in here. They started their own river boats on the river system and slashed the rates to nothing so that all the commercial river boats went out of business. Then the railroads stopped hauling stuff by water transportation and charged exorbitant freight rates by rail.

When the Panama Canal was built, they passed the Panama Canal Act which specifically stated that railroads could not own water carriers. They felt that if the transcontinental railroads were given the opportunity, they would start a steamship company running through the Panama Canal that would slash the hell out of the other steamship companies' rates and put them all out of business. Then the freight would naturally go back to the railroads.

The Panama Canal Act forbade this and present statutes forbid railroads from owning water carriers. The railroads have continually tried to get laws amended to let the railroads operate water carriers and also to let the railroads make their own rate levels so that they, by destructive competition, could put competitive forms of transportation out of business. They're still trying.

Feingold: In '61, did you go back to Washington to testify?

Crowley: I don't really remember '61. That's sometime ago. I've been back there dozens of times in connection with these various matters. I can't recollect what happened in '61.

Feingold: Then have you testified to congressional committees?

Crowley: Yes. There was one last Friday. Instead of going back, Bill Minnis went back. This was a hearing. The Port of Sacramento wanted a special bill put through Congress that would give them the right to operate barges and water transportation system from the Port of Sacramento down to San Francisco in competition with the ICC regulated carriers.

Bill Minnis went back to testify that since we're regulated carriers under the ICC, the Port should not be allowed to come in and take our business away from us. The congressmen gave him hell. He testified. Nothing is decided and probably won't be.

Feingold: As is the way of politics.

Crowley: As is the way of politics.



Helpful Congressmen

Feingold: Have there been any congressmen in particular who've been particularly helpful to you?

Crowley: Congressman William Mailliard has always been very helpful to the water transportation industry. Congressman Frank Havener, Jack Shelley and George Miller were always very helpful to the water transportation industry. They're Democrats and Maillard is a Republican. Maillard is still there; Havener, Shelley and Miller are gone.

Congressman Frank Clark is very helpful to the water transportation industry; he's in Pennsylvania.

Feingold: What committees is Mailliard on?

[interruption]

Crowley: He's on the House Merchant Marine and Fisheries Committee. He was and I think he still is; I'm not sure. He's also on the Foreign Affairs Committee. He was the ranking Republican member of the House Merchant Marine and Fisheries Committee. [refers to Congressional Directory, 1972] Mailliard is a ranking Republican member of the Foreign Affairs Committee and he's second ranking member of the Merchant Marine and Fisheries Committee; Tom Pelly is the first ranking. Of course, this is '72 and now it's '73; I think Pelly is still there--I'm not sure.

Mailliard is from San Francisco and he's very good on the Merchant Marine and Fisheries Committee. He's made one mistake, and that is he has endorsed the expenditure of \$12 million, a grant of \$12 million by HUD to build this Golden Gate ferry system. He has done so because his district now composes part of Marin County and part of San Francisco. He can't oppose it; whether he thinks it's right or wrong makes no difference, that's beside the point. If his constituents can get \$12 million out of the federal government for a phony ferry system, he's got to be behind it whether he likes it or not. What his real opinion is, I'm sure I don't know. I do know that politically he knows he has to be for it.

Feingold: Do you know him personally?

Crowley: Yes. I've known him for years. The Mailliard family have been around for a long time. Jim Maillard married Sally Van Sicklen. Bill was married to some dame--I forget her name; they got divorced. Then he married Millie, his secretary in Washington.

Crowley: Mailliard has always been active in the Merchant Marine and Fisheries. As I say, in recent years he has become interested in foreign affairs particularly.

Feingold: Have you been involved in any of his campaigns?

Crowley: Just contributions, that's all. I'm no politician.

#### Professional Associations

Feingold: To switch gears a bit, could you tell me what professional groups you belong to or the companies belong to. The only one I know of is the Pacific Maritime Association.

Crowley: We don't belong to the Pacific Maritime Association; we have nothing to do with that because they handle their relations and we keep away from them as much as possible.

We do belong to PAC-AIMS, which is the American Institute of Merchant Shipping, and PAC-AIMS in the Pacific Coast Division of it. We also belong to the American Waterways Operators Association, which is a Washington-based association of people in the tug and barge business throughout the United States.

We also belong to the Water Transport Association, which is an association of the common carriers by water on the Mississippi River system and on the coast-wise routes, like Sea-Land.

PAC-AIMS, AWO and WTA are the major industry organizations we belong to, and not the Pacific Maritime Association.

Feingold: What major functions do these associations perform?

Crowley: To watch legislative developments and see that we're not put out of business by some screwball laws; also, to advocate legislative activities that would be beneficial to the industry. Not only legislation, but activities by government agencies, such as Interstate Commerce Commission, United States Coast Guard, Federal Maritime Commission, and so on and so forth.

## XVI BACKGROUND

[Interview 8: April 1, 1975]

Education

Feingold: Perhaps we could begin with some information about your background.

Crowley: Okay. I was born in San Francisco on September 3, 1914. I went to school through the fourth grade at Miss Paul's and then to Spring Valley Grammar School through the seventh grade, and then I went to Potter School from the eighth grade through, and graduated there from high school. In the meantime, the name had been changed to Damon School.

Feingold: And these are all in San Francisco?

Crowley: Yes. Then I went two years to Stanford University and left Stanford in the early spring of 1933 to go to work as a deck hand on a Red Stack tug. I had worked at the Crowley Shipyard in the summer of '31, and in the summer of '32 I worked at Pier 17 checking freight and making out manifests and bills of weighting and so on.

I left Stanford because I felt I was wasting my time with a bunch of parlor pinks trying to fill you up with a lot of propaganda during the Depression. One specific item was: they used the example of the Market Street Railway versus Municipal Railway to show that public ownership of public utilities was much more favorable than private ownership.

In high school, I had been made to write an article on the Market and the Muni Railways and I had done a considerable amount of research in City Hall and the public library, so that I knew more about it than anybody else around there. When I pointed out to the professor that the textbook was definitely incorrect in its statements, he said, "Look, it's in the textbook. That's a fact. That's it." So I figured that was a hell of a college education, so I might just as well terminate it at that point, which I did.





Photo left: Thomas B. Crowley, Jane Crowley Koven, and Thomas Crowley, 1925.

Photo below, left to right: Jane Crowley Koven, Constance Crowley Bowles, Thomas Crowley Sr., Thomas B. Crowley, and Virginia Esher Crowley, 1925.







Feingold: Were you taking mostly business courses?

Crowley: Yes. Mostly economics, accounting. I did take some physics and geology. Different things. This course was a required course called "Citizenship" for all freshmen and sophomores, and I didn't swallow the propaganda they dished out.

### Effects of the Depression

Feingold: Even though this was the Depression, you didn't have any problem in finding a job.

Crowley: Oh, no. I went into the inheritance business at any early age. Having a father that's in business came in very handy. [laughter] In fact, my father had been spending most of his time on California Street in the late twenties and had invested a considerable amount of money and bought a lot of Transamerica stock on margin, and he rode the market down--and then he said, "Hang on, Tom, we'll hold the market," or something like that.

So in the thirties, my father had to go back to the waterfront and run the tugboat companies more efficiently. He found that in his absence they'd been run extremely inefficiently. So when he came back to the waterfront in 1929 and '30, although it was a Depression, the company never did better because it was properly run and there wasn't any money spent and thrown away and it was done quite efficiently.

Feingold: Was it the sort of business that the Depression wouldn't really have affected that much? Did shipping continue?

Crowley: Well, no. The Depression affected all business. But also, even during a depression, if a business is efficiently run, you can take in more money than you pay out, this being the essence of business. During the twenties, Crowley Launch and Tugboat Company had been paying out more money than it took in, even though there was lots of business around and things were booming.

The same thing applied to Harbor Tug and Barge Company. It was run by a fellow by the name of Dizzy Williams. He was doing a tremendous amount of business in the late twenties at Harbor Tug and Barge Company. The only difficulty was that he was paying out more than he was taking in. So when the crash came in the thirties, Crocker Bank stepped in and said, "No more."

Crowley: There were businesses during the Depression that were not minting money, but they were making a small profit and giving a good service and run efficiently without a lot of wasted expense. That was one of the benefits of the Depression--it did make businesses run a lot more efficiently.

Then when the New Deal came along with President Roosevelt and his National Industrial Recovery Act theory, that had the effect of having all the businessmen get together to promote or put together a code of fair competition, which was nothing more than a cartel or agreement to hold prices up so that the labor unions could also organize and bargain collectively with the employers for wages, and thereby create what was then deemed a cycle of improved business conditions.

But as a practical matter, as Winston Churchill said, "Mr. Roosevelt's fooling around with the social environment in the United States prolonged the recovery from a depression, that prolonged the worldwide depression and allowed Hitler to come into power and sowed the seeds of World War II." This was in a speech that Churchill made sometime in the late thirties.

Feingold: In terms of the industry code, who else were you forming that cartel with, with ship owners?

Crowley: No, just everybody in the tug and barge business. In fact, there's a picture on the wall in the conference room of the meeting in Washington before the National Industrial Recovery Act board showing Art Wellington of Bay Cities Transportation Company and Linley Davis of Carey-Davis Tug and Barge Company and Arthur Foss of Foss Launch and Tug Company. Everybody that was prominent in the tugboat business on the west coast at the time went back to Washington and got together with the New Dealers and formed a code of fair competition to eliminate chiselers, as Franklin D. Roosevelt used to talk about.

In fact, also in that picture is Claude Deal, who represented the Inland Boatmen's Union and was there to see that the labor unions got their whack in also. But as a practical matter throughout the economy, most businessmen didn't give a damn if the labor unions got a little more money as long as they got plenty of money. [laughter]

And that in fact was the National Industrial Recovery Act, which Roosevelt got a lot of credit for and he's the savior of our country, but it was sowing the seeds of World War II by prolonging the recovery and was also sowing the seeds for our profligate post-war economy that has been drifting along all these years with a maximum of money and a minimum of efficiency. That's one of the reasons we're in an energy crisis today.

Feingold: How long did the NIRA code last?

Crowley: I believe it was declared unconstitutional by the Supreme Court in 1936 or '37 in the Chicken Case.\* I don't remember the details, but that was the end of the National Industrial Recovery code. But the getting together of employers or businessmen in all the various industries lasted a long time after that and the Department of Justice is still fighting it. [laughter]

My brother-in-law was in the galvanizing business back east and he said all the galvanizers got together and they minted money on the galvanizing from then on, all during the thirties, the forties, the fifties and so on.

Feingold: They create a monster and then they don't know what to do with it.

Crowley: That's right.

Feingold: Then you must have done very well when the war came along too, the whole industry.

Crowley: Yes, the whole industry did very well. But the major problem then was that the profits were 85 or 90 percent taxed. So it didn't really make much difference how well you did. The economics did not enter into it during the war; it was a question of getting the job done and trying to keep the army and navy from taking over all the commercial equipment, because once the army and navy took over commercial equipment nothing was done with it.

We had some tugs that the navy took over and took up to California City and they couldn't even run them. They left them up there for a year or so and we finally got them back and put them to work doing jobs. One commercial tug in San Francisco Bay would do the work of about ten navy tugs.

### Early Work Experience

Feingold: To back up a bit to your own career, was '31 the first time you had worked in any of your father's enterprises?

Yes. The work at the shipyard was the first day-in-and-day-out work. I had worked a few days here and a few days there and taken a trip to San Pedro on a tugboat and stuff like that, but 1931, when I went to work at the shipyard working on the dry dock over there--

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\*Schechter Poultry Corporation v. United States (1935)

Feingold: I just figured out you were seventeen at the time.

Crowley: Yes, that's about right.

Feingold: Then, when you left Stanford in '33, where did you go to work?

Crowley: Shipowners and Merchants Tugboat Company on the tug Sea Scout under Captain Ernest Mohr. The chief engineer was Frank Walsh. The fireman was Manuel Gonzales and the other deck hand was John Anderson.

Feingold: So you were a deck hand?

Crowley: Yes.

Feingold: How long did you work in that capacity?

Crowley: I worked on the tugs as a deck hand and a mate for about a year. Then I went to work in the office of that company typing out bills, invoices, and doing minor bookkeeping work. Then after I had worked with that for about a year or so, my father sent me uptown to see the shipowners to attempt to solicit tugboat work. So I used to go into the steamship company office on California Street and tell them that I saw they had a ship coming in in a couple of days and could we furnish a tug, and that sort of stuff.

Feingold: And from there?

Crowley: Then I solicited a certain amount of work for the shipyard; the purse seine fish boats were down at Fisherman's Wharf. We used to go down and see all the Italian and Portuguese skippers, Slavonian skippers and try to get them to come to Pacific Dry Dock and Repair Company to get dry docked.

Then I worked down at Pier 14 with Crowley Launch and Tugboat Company. We started up a company called United Towing Company that transported bulk petroleum and I worked there for a while.

Feingold: When you say "we started it up," was that you and your father?

Crowley: Yes, in 1939. In 1938 we designed and built a 7,000 barrel gasoline barge. Then in 1939 Shell Oil decided to get rid of their equipment and sell it to us, and we formed a new company, United Towing Company, and operated the bulk petroleum transportation equipment on the Bay.

Also, in 1938 we were getting ready for the Golden Gate International Exposition at Treasure Island in 1939, and we built two water taxis and bought some Chris Craft speed boats and refurbished the double-deckers and hauled passengers out of Treasure Island over to Alcatraz and around the Bay on a sightseeing cruise.

Feingold: It sounds like, then, starting in the early thirties you were working alongside your father?

Crowley: Yes, more or less. He was the boss, of course, and I was the stooge. We discussed it, and I gradually worked into the business.

Feingold: But it was understood that you were being groomed to go into--

Crowley: [laughing] I suppose that was the general idea. I never looked at it that way, but you do whatever you're supposed to do and be done with it.

Feingold: You would carry on the family tradition, as it were?

Crowley: Well, there wasn't much of a family tradition. I mean, what the hell, you have to make a living [laughing] and you've got to eat!

Feingold: At what point did you take over the enterprises?

Crowley: That's hard to say because, you know, it was just progressive. As time went on, I did more and more, my father did less and less. There was no specific time or period when he relinquished the presidency and I assumed it. It just went along that way.

Feingold: The Oral History Office did an interview with your father.\* I wondered if you could make a few comments about what it was like working with him from the perspective of his son and partner.

Crowley: He watched very closely all the details of the business and watched the dollar, which was most important, and during the Depression didn't spend any more than he absolutely had to. He made sure that everybody was economical and did a good job. He also negotiated with the unions strongly and he didn't give in very easily. He was very tough and hard-working and just generally did a good job.

In my opinion he was an excellent businessman. He ran a business and wanted to one, give a service to the customer and two, to take in more than he paid out and three, thereby make jobs for people and perform a service for the community.

Feingold: Was he an easy person to work with?

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\*Thomas Crowley, Recollections of the San Francisco Waterfront, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1967



Crowley: Sometimes he was, sometimes he wasn't. He could be difficult when he wanted to. On the other hand, if you knew him well, you could kind of tell when he was just putting on an act. He'd always say, "no, no, no" to start with, but you could tell generally speaking that eventually he'd say "yes." But he just wanted to make sure that it wasn't done too easily, which everybody does to a certain degree more or less.

Feingold: Is there anything else about your own personal background that we haven't gotten that should be in here?

Crowley: No, I can't think of anything else. I was always interested in boats and did a lot of sailing, and I was familiar with how a boat should be built and handled. I got to know the engines and deck fittings and bulk petroleum transportation and pumps and engines and everything that goes with it. It was always very interesting to me, and it can be quite interesting to get totally involved in the technical end of the business.

But also there are other things that have to be considered, and that is the question of taking in more dollars than you pay out. Tied in with that are income taxes. Even in those days, the income taxes were fairly complex to say the least; today they're totally complex and not in the least understandable.

And then accounting is very important, and I wanted to understand how accounting was done and management information systems that originate from accounting so people will know just what a business is or is not doing. Those aren't as much fun as playing around with engines but it's all important for the business.

And also soliciting customers--trying to be nice to somebody and trying to get them to give you a tugboat job is important. You might say that sales, operations and administration are the important parts of it.

Feingold: You need a lot of skills.

Crowley: You need a lot of skills to run a house--to cook and sew and wash the windows efficiently; you need a lot of skills whatever you do.

### Family

Feingold: What about the rest of your family? Do you have any brothers and sisters?

- Crowley: I have three sisters, no brothers. My oldest sister worked as a stenographer for the company for a year or two off and on. But that's about the only one [who worked for the company]. Then she went back east and got married and lived there for a number of years, and then came back out here during the early forties, I guess, and her husband went to work for the company in the early forties. His name is Caspar Escher.
- Feingold: What about your other two sisters?
- Crowley: My other sisters, neither of them ever worked for the company, nor their husbands.

## XVII OIL PIPELINES

Feingold: Let's move on to the next topic here, then. Since it's been a while since we last talked, I was wondering about some of the things we talked about earlier, like the Alaska pipeline. What is the status of your work there?

Crowley: As you know, the pipeline was cleared by an act of Congress and construction has proceeded. We presently have an order from Bethlehem Shipbuilding Company in San Francisco twenty-one barges, 400 by 100 by 20. We've gotten delivery, I think, of about ten or twelve, and we have nineteen tugs on order from McDermott Fabricators, Morgan City, Louisiana. (That's that tug you see in the picture back there.) We've gotten delivery of about five of them now, and we have the other fourteen coming.

This equipment is being used in Alaska and the North Sea and in the Gulf of Mexico. The pipeline is going along under construction, and we have signed contracts with British Petroleum, ARCO, Exxon, and Alyeska to continue to carry cargo around Point Barrow in the summertime up to the North Slope.

This summer we expect to carry the measurement equivalent of approximately three hundred thousand tons on Point Barrow. The hydro train is very busy. But we haven't gotten enough barges yet from Bethlehem to give the service on the hydro train that we'd like to. Then when the summertime rolls around, we have to take some of those barges away to serve the North Slope. Therefore the service in the hydro train drops off substantially in the summertime and everybody in Alaska hollers their head off. But that's too bad, because nobody was particularly anxious to help us out during the lean years. We could have built a lot of equipment then and been ready for it when it came. But there wasn't much in the way of planning or looking ahead to get this equipment built.

In fact, we ordered a lot of these barges and a lot of these tugs long before Congress passed the bill authorizing the Alyeska Pipeline. And because of the fact that we had them under construction

- Crowley: when the pipeline was finally authorized, we were able to get the contract from BP, ARCO, and Exxon to serve them on the North Slope because if we had not ordered the barges a year or two early, the pipeline would have been delayed a couple of years. They had no alternative but to use our equipment, which was already under construction. Did I tell you that before?
- Feingold: I remember when we discussed it before it was before Congress had acted, and then it was all up in the air. I had the impression then that it was a big risk that you had taken in making such a large commitment in equipment.
- Crowley: Yes, it was. But it has proven to work out very satisfactorily.
- Feingold: I'd clipped out this picture in the Chronicle.\* I guess that's one of the barges that Bethlehem was--
- Crowley: Yes, that's one of the Bethlehem barges. This is the fifth of sixteen. Let's see, I told you we had twenty-one. We had sixteen and then we ordered five more and then we've ordered two more, so that's twenty-three. I don't remember exactly how many barges we've got; I could check. But there's a whole bunch of them coming, and they are very necessary to take the cargo to the North Slope because the oil companies found out that they can build great big units weighing anywhere from four hundred to a thousand tons--a whole building completely put together--and we roll it on the barge, take it up there, and then roll it off and it's all completed before it leaves Seattle so that they don't have to do a lot of craftsman work in Alaska under the terrible cold and the miserable conditions they have up there.
- Feingold: That's quite remarkable. And then these are pulled by the tugs?
- Crowley: Yes. The tug is out on a hawser on a wire out ahead and pulls it up the inside passage, across the Gulf of Alaska up through the Bering Sea and then to Prudhoe Bay.
- Feingold: And would it be the tugs that are being built in Morgan City that would be hauling this?

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\*San Francisco Chronicle, 6/19/74. The caption reads "This huge flat-deck barge, ticketed to transport cargo to and from Alaska's North Slope, is the fifth of sixteen being built by Bethlehem Steels' San Francisco shipyard for Crowley Maritime Corp. It is 400 feet long, nearly 100 feet wide and 20 feet deep. The next two barges will be outfitted to carry rail cars between Seattle and Whittier, Alaska."

Crowley: It would be, if it weren't for the fact that we can't get them fast enough. Last year there wasn't one of the new tugs in the sea lift. This year I don't think there'll be one of the new ones in that group either because over in the North Sea there's a big anchor-moving job to be done for McDermott and others on the pipe-laying barges. So we have sent about six of those new tugs over to England, and they're working in the North Sea now moving anchors for McDermott.

The tow up around Point Barrow is a relatively easy tow that almost any tug could do, so we're hiring Foss tugs or [inaudible] tugs to do the towing for us here while our good tugs are working over in the North Sea, which is very tough, dangerous and hard work and takes very good equipment.

Feingold: What is this anchor-moving job?

Crowley: For example, when a derrick barge places a platform in the North Sea, they've got to hold themselves in position. So they run a big anchor out here [demonstrating], another out there, another one out there, and another one out there, so they have four anchors several thousand feet out from the derrick barges with wires out to those anchors, and that holds them in position. So that anchor placement is very important, has to hold the derrick barge in position to place a platform or alongside a platform.

Then when they start laying pipe from the platform--the pipeline barge consists mainly of a large barge that's got huge winches on it that can put anchors out ahead and behind to hold it in position while they weld the pipe together, and it gradually pulls itself along the pipeline as they weld the pieces together and dump them into the bottom of the ocean. They have to be continually moving those anchors for the pipe-laying barges.

The large pipe-laying barge will have, say, eight anchors out all the time, two off of each corner. So those, as they pull themselves forward and lay the pipe, would be continually moving those eight anchors. When the stern anchors get so far out--it's on a long wire--they have to pick the anchor up by the crown buoy and carry it in and place it in position so the barge can hold itself back. Then the forward anchors, they pull them in and then they have to pick them up and carry them out forward and so on.

That has to be continued in almost any kind of weather that the pipeline barge can work in because if the anchors aren't moved, the barge can't pull itself ahead and it can't weld pipe together. Those big anchor-laying barges in the North Sea with a couple of hundred men on them, and a lot of equipment and so on--those barges run a hundred thousand dollars a day. So you can see that



Crowley: the anchor handling--it's important that the anchors be moved when they want them to move and not a minute too soon or a minute too late. The whole function of the pipeline system depends on the movement of the anchors, and then the winches heaving the barge forward.

Feingold: What company is handling the operation in the North Sea?

Crowley: The Union Towing and Transportation Company is a joint venture formed by Sea Span International, a Canadian corporation; Letzer Tugboat Company, a Belgian corporation; and Crowley Maritime Corporation, a Delaware corporation. Most of the tugs have been furnished by the Puget Sound Tug and Barge Company, and Letzer and Sea Span are building new tugs and furnishing equipment. But up to the present time, we've furnished about 80 percent of the equipment, and each will eventually furnish one-third of the equipment, and we will furnish one-third of the equipment. We want to get our equipment back in order to do our own work out here, and also in the Gulf of Mexico.

Feingold: And so you're maintaining an office now over there?

Crowley: Yes. We maintain an office in London and another one at Peterhead.

## XVIII CROWLEY MARITIME CORPORATION

Feingold: Could you tell me about Crowley Maritime Corporation.

Crowley: Crowley Maritime Corporation was formed January 1, 1973, for the purpose of owning all the stock in all the different corporation entities that we did business under. Crowley Maritime Corporation files a consolidated income tax return which puts all the companies into one pot, so to speak. It is now the parent company of all these different companies including the ones in the northwest and the ones in California.

We have Crowley Maritime divided into two divisions, the California division and the offshore and northwest division. Since most of the offshore equipment is run out of Puget Sound because of the labor agreements and so on, we call the northwest the offshore and northwest division of Crowley Maritime.

Feingold: You hold an office, I presume, in Crowley Maritime.

Crowley: Yes. I'm president and chairman of the board or whatever you want to call it.

Feingold: So then the company pretty much serves a financial function.

Crowley: The Crowley Maritime Corporation unites all the corporations into one financial entity which is run out of San Francisco; and then the operations for the offshore and northwest division are done out of Seattle, and the California division out of San Francisco.

## XIX LEGAL DIFFICULTIES

The California Inland Pilots Association Files Suit

Feingold: Do you want to discuss the antitrust suits?

Crowley: Sure, I don't mind. Anything you want me to talk about, I'll tell you if I don't want to discuss it. You just ask any question you want; it's all right with me.

Feingold: Are there two separate suits now?

Crowley: There are three.

Feingold: There are three?

Crowley: Yes. During the strike of Shipowners and Merchants Tugboat Company in 1969-70, some of our tugboat captain pilots got together and said that they weren't going to go back to work for the tugboat company but they were going to form an independent California Inland Pilots Association, which they formed, and hired themselves out to the shipowners to shift ships and dock ships around the Bay for a fee, claiming that they could handle the ships without tugs or with very small tugs, and thereby save the shipowners money.

The California Inland Pilots Association is a very loose association. The pilots just belong to it and they have a central office, a central dispatcher, who takes all the orders. But each pilot goes out and solicits his own work, his own customers, and charges them--bills them--separately for his own service. So one of the members of California Inland Pilots can be starving to death and the other can be rolling in riches, and there's no pooling of income by any stretch of the imagination.

Well, this group proceeded along. Then after Shipowners and Merchants Tugboat Company went back to work, the loyal tugboat captain pilots came back to work for Shipowners and Merchants, and the California Inland Pilots group said, "We don't think that the

Crowley: tugboat captain pilots ought to go on the bridge of the ship and handle ships anymore." We said, "We've been doing it since 1883 and we propose to continue doing it." So we had a lot of discussions and a lot of arguments.

To make a long story short, the California Inland Pilots Association wanted us to stop going on the bridges of ships, and then they would give us all the tugboat work and also get a bill through the legislature that would make it compulsory to use California Inland Pilots and also compulsory to use tugboats.

We said, "Nothing doing--we're not interested in any sort of a proposal like that, because we don't think you can legislate that shipowners have to do this and have to do that. It should be entirely up to the customer whether he wants a tug or doesn't want a tug or wants a pilot or doesn't want him, or whatever he wants to do. And furthermore, you couldn't trust you guys any further than you could throw a red-hot stove anyway because you're a bunch of double-crossers and you quit us and went in for yourselves and you don't even look out for your own fellow pilot. You do as much work as you can and the hell with the other guy."

Anyway, we did not get along philosophically because we feel that they are independent businessmen looking out for themselves as best they can and they're in business in competition with us. We're in business also to try to get tugboat work and dock ships and do what we can to give a service to the shipowner and take in more money than we pay out.

So, this went along for quite sometime, and then they said to us, "All right. If you won't do what we want you to do, we're going to bring a suit against you for monopoly because you won't furnish tugs to an independent pilot." We say, "You know that is a goddamn lie because anytime you order a tug you get a tug, and we will furnish tugs to any ship that wants them, provided the shipowner will pay us."

So they went to some shyster attorneys who took the case on a contingency basis. These attorneys brought suit on the basis that we're a monopoly and we are in restraint of trade because we won't furnish a tugboat to a California Inland Pilots Association pilot. They had depositions, and in those depositions we testified that we always furnished a tug to anybody that asked for it, provided they're willing to pay for it. Their case that we are in restraint of trade by not furnishing tugboats is totally incorrect from a factual point of view.

I think their attorneys got kind of a surprise in this in the depositions. However, they are still continuing on with the lawsuits, mainly as a nuisance factor, I think, hoping that we'll

Crowley: stand together in the tugboat work. But we are not about to agree to that. Somebody said something about millions for defense but not a cent for tribute--that's the way we feel about it.

After that case had gone along for a while--

#### The Crowley Countersuit

Feingold: Just a minute--about that case. Didn't you then file a counterclaim?

Crowley: Yes. Our attorneys filed a counterclaim against the California Inland Pilots Association because they are all independent businessmen billing for their services and collecting their revenues just as any other business that is paying their expenses, but they are all standing in together and holding to a certain fixed charge for their services.

Now, this is all very well if you are a member of a union and you work for a fixed wage. But when you are an independent businessman, and you go out and you charge exactly the same price that the other guy does and sit down in meetings with him and agree to those prices, you are sure as hell in violation of the antitrust law. And if the customer sits down with a group of independent businessmen and agrees that this will be the price that they'll pay, the customer also is guilty of violation of the Sherman Antitrust Act or the Clayton Act or something like that.

So we started a countersuit against them claiming that their case had no merit whatsoever, but as a matter of fact, they were in violation of the antitrust laws, as were the shipowners that they did business with. They were both in violation of the Sherman Act or whatever it is. So that's the way it stands.

#### The Murphy Tugboat Company Suit

Crowley: There's a small tugboat company on the Bay--Murphy Tugboat Company--who started up during our strike with the avowed intention of making a fast buck, as they stated to the press, and soaking the shipowners about three times the regular rate for their services and to make hay while the sun shines. Murphy has continued to stay in business after the strike with some smaller tugs and with the connivance of the Inland Pilots, because the Inland Pilots don't want to use us if they can avoid it. So they used Murphy instead and they keep Murphy alive slipping him jobs.



Feingold: But does Murphy have enough tugs to be able to meet their needs?

Crowley: He had two and then he got up to four and he started losing so much money with the four, he got rid of two of them. Then he was back down to two and he was still losing money. Then one of them broke a crankshaft, and as of today, he's got one.

He can make a few dollars with one tug. He doesn't have too big a payroll, but Murphy is not the best operator in the world. He's inclined to, when he gets a few dollars in his jeans, to be a little expansive. One of the most recent things that kind of upset his outfit was that he went out and spend \$7,000 for a little speed boat, and here he was telling the men that he couldn't afford to pay them the union wage and that sort of stuff. This created a minor riot, to say the least. But that's the kind of an operator he is. If we have to have competition, that's the kind of competition we like to have.

Feingold: So it would seem that the Inland Pilots end up having to use your tugs, whether they like to or not.

Crowley: Definitely. In fact, some of the Inland Pilots much prefer to use our tugs because they're so much better tugs anyway. They're afraid they'll get into trouble with Murphy's tugs or tug, and as a result they use our tugs quite frequently. And we continue to work for the Inland Pilots. No matter what they say, we continue on to do what we've always done, and that is to give tugboat service to anybody who's willing to pay for it. Hell, we're only interested in the money.

Anyway, after a while these attorneys went to Roger Murphy and they got him to start an antitrust suit against us claiming that we were in violation of antitrust, we had all the good tugs on the Bay, and he didn't have a chance to get any, and so on and so forth. His antitrust suit looked for some damages and also for the court to hold that we should give him some of our good tugs so that he could have some good tugs to operate with. [laughter]

Feingold: That's a simple way of getting tugs.

Crowley: Very simple. But I don't think the antitrust laws mean exactly that. In fact, the very thing that the antitrust laws are set up to do is to produce competition and efficient business operation, and we think that we are as efficient as anybody and as competitive as anybody and do our best to solicit work and get paid for it and that's it.

### A Further Suit

Crowley: Then there was a third lawsuit brought by Murphy Pacific Salvage Company who had been in the tugboat business during the strike and had gone out and acquired a couple of tugs that weren't bad tugs. But they had acquired them under a leasing arrangement whereby they would pay for the total cost of the tugs in a period of five years with 18 percent interest on the declining balance. This lease agreement was very onerous to Murphy Pacific Salvage, and the fellow that put the agreement together, Phil Murphy, died of a heart attack, and Bob Lauder was left running the company.

Lauder decided that after they'd lost about a half a million dollars in tugboat services in one year, they'd better get the hell out of it. So he told us they were going to discontinue their tugboat service and lay the tugs up, and would we be interested in buying them. We said, "Well, we'll look them over."

So we looked at them and the price he asked was a reasonable price for the tugs. They were a bargain, so we bought them. One of them has been working ever since in Honolulu, and the other one has been working ever since in Alaskan waters, and they're not bad tugboats.

But, the shyster attorneys went to Murphy Pacific and said, "We want you to start a lawsuit against this company--Shipowners and Merchants, Crowley--because you were forced out of business by him and he bought your tugs and that's a violation of the Sherman Antitrust."

Lauder said, "God, he saved our lives by stopping our lawsuits." In fact, they were headed for the bankruptcy court, and they had to stop their lawsuits somehow. So they stopped performing a tugboat service and sold their tugs.

Also, because they were faced with bankruptcy, they were able to negotiate a settlement of this very onerous five-year lease that they had. You can imagine if they pay the full cost of the tugs in five years and still not own them, and also pay 18 percent interest on the declining balance, they would have paid out a fantastic amount of money over the five years. So they were able to cancel that whole thing and sell the tugs, and it was a wise business move to get out of the business.

Anyway, the attorneys went to Lauder and said, "We want you to sue Crowley under antitrust," and he said, "Don't be silly!" They said, "All right now. If you do not bring suit, we have some

Crowley: stock in your company--Murphy Pacific Salvage Company--and we will bring a minority stockholders' derivative suit against you and the directors for not bringing an antitrust suit, which in turn would help Murphy Pacific Salvage Company." So, they said, "Oh, my God."

Anyway, they had had some other problem with directors liability and their directors liability had been cancelled. So they said, "The cheapest thing for us to do is to file a suit and that will stop us from getting into a lot of trouble with the attorneys who are working on this thing on a contingency basis. They've got a lot of time to give us trouble, so the best thing we'd better do is go along with them." So they have also filed a suit for I don't know what reason, but the idea is that we forced them out of business or something like that.

So those are the three suits we have against us. When they'll come to trial I don't have any idea. What the court will decide I don't have any idea. But I can't see where we are in any way in violation of the antitrust laws. All we're trying to do is give a good service to the customers at a fair price, and if somebody else wants to be in the tugboat business, they can go right ahead and be in it.

As far as the pilots are concerned, that situation is totally ridiculous as far as antitrust is concerned. Their basic premise--that we don't give them tugs--is a lot of hogwash, as the facts will show.

Feingold: When you said that Bob Lauder was threatened that if he didn't sue, that he--

Crowley: He's president of Murphy Pacific.

Feingold: --that a minority stockholders suit would be filed against him, who were these minority stockholders, the attorney?

Crowley: Yes. The attorney had picked up a few shares at Murphy Pacific Salvage Company, which is a publicly traded company, and would have the power as a minority stockholder to file a derivative suit against the officers and directors of the company if they didn't take some action that they should be expected to take.

Feingold: Are the two Murphy companies related?

Crowley: Roger Murphy, who owns and runs Murphy Tugboat Company, is a son of Phil Murphy, who was the guy that started Murphy Pacific Salvage Company, along with Louis Ets-Hokin, ten years or so ago. Phil Murphy dropped dead of a heart attack, and his son Roger has continued on with this Murphy Tugboat Company, and the new company he started, and try to say in the tugboat business.

Feingold: I have a clipping here, the date of which I unfortunately forgot to include, but this was the one about the Murphy tugboat suit. According to the paper, one of the things they charge the Crowley tugs with is the practice of paying the captains what is known as "hat money" and they call that a bribe.

Crowley: Yes. Well, in tugboat circles throughout the world, since the days of the sailing ship, it's been customary that when the skipper of a ship hires a tug, that the tugboat company slips him a "hat" which is a five dollar bill. This has been practiced for many years, and we have discouraged it. When World War II came along, we were able to almost completely eliminate this, because the foreign ships didn't run in here, and the foreign skippers are the worst of all.

In the late forties it started up to some degree, but mainly because there were foreign-flag skippers who would come in here, they'd take a tug and then they would not sign the bill which acknowledged the service unless you slipped them a hat like you used to.

So it is practiced very, very rarely. But it is practiced, because sometimes you get some Greek or Italian or Frenchman or something like that who comes into the office, sits down, and says, "I will not sign the bill unless you give me a hat." So we give him a hat. We won't argue the point at all.

As far as Roger Murphy is concerned, if he would like to show us his expense account--how many lunches and dinners and cases of whisky he buys for his customers--we'd be very glad to take a look at it. I venture to say that between the California Inland Pilots and Murphy Tugboat Company, those two outfits spend more money on bribery than we do.

Feingold: I'd imagine they'd be in a position where they'd have to.

Crowley: Sure. The independent pilot--that's how they get the business. They get the guy that orders the tugs for a steamship company and they wine him and dine him, give him a cut out of their pilotage fee, and that's how they get their business almost completely. Why would anybody hire an independent Bay pilot who charges seventy-five dollars pilotage fee for docking a ship when the Red Stack pilots charge twenty? But they use the independent pilots. In any business there's a certain amount of that stuff going on all the time. To even discuss it is kind of ridiculous.

Feingold: I suppose filing these suits is an act of survival on their part.



Crowley: No, I don't think so. In fact, rather than an act of survival, they're spending a lot of money foolishly, and the attorneys have got the case on a contingency case, and so they take care of it in their spare time hoping to make a dollar out of it some day down the road.

No, I don't think it's an act of survival. I think it's a kind of a foolish move, frankly, because we're spending a lot of money for legal fees, they're spending money for depositions and court costs and expenses and so on, and who's paying the bill? Our customers, the shipowners; they're picking up the tab for all this. We'd both be better off if we didn't throw the money away that we're getting from our customers for a whole lot of legal fees and expenses and this and that for really no reason at all. I don't think they're naive enough to think that the court will say to Shipowners and Merchants Tugboat Company, "You have to give some of your good tugs to Roger Murphy because he doesn't have any good tugs." I mean, I don't think that's what the Sherman Antitrust Law says, but we may find out otherwise. I don't know, but it sounds kind of silly to me.

Feingold: I'll be looking in the newspapers to see the outcome.

#### Campaign Contributions and the Golden Gate Ferry

Feingold: One of the other things I noticed last summer was that there was a bit of flack when Supervisor Gonzalez revealed the source of his campaign contributions, and there was a certain amount of noise that he had received contributions that were improper from Harbor Carriers.

Crowley: Yes. I didn't know too much about that at the time; Al Elledge handled it, and I don't remember exactly what the details were. I think what it was, if I remember right, that Gonzalez or some committee to elect Gonzalez hired a boat--one of the excursion boats, a harbor tug--and then sold tickets to people to go on the party, to have a party on the Bay for Gonzalez. Then it was claimed that Gonzalez' committee never paid for the boat. But as I understand it, Elledge claimed that the boat was paid for. I never did know what the detail was.

As far as Gonzalez, I don't know him from Adam. [laughter] I couldn't care less. To me, it was kind of a waste of time. Somebody was just trying to get back at Gonzalez, I guess--one of his enemies stirred up. I don't think anything ever came of it; I know I've never heard anything about it.



Feingold: No. There were two articles last July.

Crowley: Yes, I remember reading them.

Feingold: As far as I know, that's all I ever saw.

Crowley: That's all I ever heard, and nothing ever happened. I think that fellow [Stephan] Leonoudakis got involved in it. Yes, he's the one that accused him, because Gonzalez was saying something about the Golden Gate Bridge and Highway District wasting all this government money for the ferry and bus system, and they got into a big argument. Well, Gonzalez is getting justified every day because the money that's being thrown away on that ferry system is just unbelievable, and it's getting more so.

If it wasn't so serious, it would be laughable! They're building three of these boats down in southern California at four and a half million apiece; they were supposed to cost two million a piece. Now they got the first one launched, and they went out on the trials and the impeller of the Jacuzzi water jet pump won't hold together. Now they've got to re-design the impeller. The difficulty is they went to this exotic propulsion system that had never been commercially used before, and it won't work!

But the worst part about it is, Leonoudakis took me to lunch one day and started explaining it all and he said, "But what difference does it make? It's all federal money. We get all this money from UMTA (Urban Mass Transit Authority). We're getting thirty-four million dollars from them. So, what do we care?"

I said, "Well, for Christ's sake! I thought I paid federal income taxes, and I thought you did too, and I don't see any sense in wasting that money, no matter where it comes from."

Now they're building this terminal over at Corte Madera. That's the biggest, stupidest thing that's ever been done. They're spending fifteen million dollars; they're trying to dredge a channel through the soupy Bay mud. The Water Quality Control District shut the dredge down because all they're doing is stirring up the bottom and making the Bay waters all muddy and the mud is filling in the channel again just as fast as they dig it out. They're driving piles that go right down in the mud and out of sight.

It's unbelievable the problems they're having, and they're spending fifteen million bucks over there like it was nothing. At the rate they're going, they'll spend thirty million before they're finished, because it's a totally impractical project. It's just unbelievable, and you'll hear more of that one.

Crowley: Somebody from K101 asked me to refute some of the things that Dale Luehring of the Bridge District said the other day. So I told them what I thought. I guess I shot my mouth off too much, but they've got it on K101 this week, all the comments.

Feingold: When is that?

Crowley: 11:55 and 7:25 or something like that. It isn't worth listening to because it's just relatively short. And Luehring told the radio station, he said, "Why, when this is all finished, we'll have a thirty-four million dollar--"

[inaudible, tape ran out]

Feingold: Maybe some day they'll learn.

Crowley: They'll learn, the hard way. Here's a chart of the Bay. I don't know how much you know about--you don't have to know much about anything to see how stupid this one is. [unfolding charts] This is where they're going to run to. They're putting the terminal in here [pointing] at Greenbrae. They're going to have to dredge a channel to run these boats all the way through.

Now, this is all soft, soupy bay mud silt that's just like water. To dredge a channel in here deep enough to take these boats that will run in there at high tide or low tide or whatnot is a multi-million dollar job, plus the fact that it'll slough in every year and fill in, particularly if you run a big boat through it. The wash of the boat will just drag the mud back into the channel anyway.

If they were going to run up to central Marin County they should have run to Point San Quentin, out in the Bay, where they'd have to do a little dredging here but at least they'd be near deep water. But here, they have to dredge a channel all the way out to this point, and as the ferry runs back and forth up there, it will fill the channel in.

Feingold: Why in the world did they choose that?

Crowley: You go ask Mr. Leonoudakis. Don't ask me. I don't know. See, we have these islands up here [pointing]; we've had them since 1926. I've played around them in rowboats and boats and sailed on it, and I know what the mud flats are. This channel has been dredged by the government for years and years and years. We used to bring oil barges in, and they've had an awful time maintaining this channel. I've seen that thing fill in, slough in, with mud for years, and the cost to maintain this channel is very high. But that's only for small boats. When they put a hundred and sixty-five foot boat in there with seventy-five hundred horsepower, Jesus! It's going to wash the channel away in one trip. It's just unbelievable.

Crowley: This [Point San Quentin] would have been a much better location for them and wouldn't have cost any fifteen million dollars. We run over here at Tiburon, the Ferry Building; they [the Golden Gate Bridge and Highway District] run over to Sausalito. But they're trying to get into the central part of Marin. But people are not going to use these ferry boats because if you get on a bus at Corte Madera, Mill Valley or anyplace you're going to come over the bridge, and you're not going to go over here to get in a ferry boat to take a ride across the Bay. It's a horrible waste of money. [folding chart] It's so unfortunate. And that's my pet peeve for the day, currently. I've been hot on that for a long time.

Feingold: Yes, you've talked about that before. There was a big Examiner expose last summer, I think, in which they listed all--

Crowley: That's the one Dick Knowland did. He studied it and wrote article after article about it, but nobody did anything about it.

#### A Long Term Waterfront Lease

Feingold: Another issue that Harbor Carriers seem to have been involved in lately is long-term leasing of various of the piers.

Crowley: Yes. They have an office down at Pier 43. Pier 41 has been sitting there for years, nobody doing anything with it, so Al Elledge decided we ought to lease the pier from the port, the way other people used to do, because we're putting together all our dispatching operations for the tugboats and we're going to base them down there.

We also set up an oil spill cooperative, Clean Bay, Inc., which the oil companies put together and we're operating it for them. We want some place that's centrally located to have all this oil spill gear like booms and clean up material and stuff like that. We want to put them on the pier, Pier 41. So now there's a big argument as to whether they ought to turn the pier over to Harbor Tug or not. So I don't know what's going to come of that, but I'll find out eventually.

Feingold: The Chronicle article made it sound as though there was a big issue about whether the City should lease the piers one by one or whether they should wait until there's an overall plan.

Crowley: Right, right. Well, it seems to me the City should make up its mind what the hell they're doing with the port and have some sort of consistent policy. But if we see something that we can use, and we'd like to use it and the port's willing to rent it, we'll rent it. That's a simple matter to resolve. [laughter]

Feingold: One question that was raised in the article is why Harbor Carriers was seeking long-term leases now when they hadn't in the past.

Crowley: Because the Harbor Commission came to us and said, "We have changed our policy from giving you thirty-day assignments to long-term leases. If you want a long-term lease, here it is." A lot of people--all those restaurants on Fisherman's Wharf--have gotten long-term leases. They're talking about giving us a long-term lease for the sightseeing activity down there at Pier 45.

So the point is that if somebody wants to give us a long-term lease, we're perfectly willing to look at it. That doesn't say we'll sign it. We want to see how much they're going to soak us over the years and how long they want us to pay.

But they can't even get the ground rules together. One meeting they decide on thing, another meeting they decide something else. They change their minds, the papers write it all up, it gets to be a political football and bounces all over the lot.

Feingold: The port seems to be in that state at the moment.

Crowley: It's terrible. They're in an awful spot. Alioto has a lot of relatives at Fisherman's Wharf and I think there's a certain amount of in-fighting and out-fighting, and Lord knows what all. There's a lot of politics involved in it. Whether it's good business to have a long-term lease or not, I don't know. But if it is, and we can get one we'll get one; and if it isn't, everybody else gets them--why shouldn't we?

Feingold: Have you met the new port commissioner?

Crowley: No, I haven't. You mean the new port manager.

Feingold: Yes, the fellow from Boston. I can't think of his name.

Crowley: No, I haven't. He's got a very difficult job. I don't envy him that job.

The problem is that the San Francisco waterfront is no longer useful for most commercial shipping operations such as container operations and so on. But they knew this twenty years ago, and they should have been making plans twenty years ago as to how they were going to phase this out and phase that in. But they've done absolutely nothing now for years and just sat around. It's easy to criticize, but in the political climate that has existed for the last twenty years, it was difficult to do anything anyway. So I can't blame them too much.

Crowley: The trouble is, Oakland has come in and built beautiful facilities for container ships at BART's expense. BART paid the tab for filling in all that land and putting a rock wall around there. So then the Port of Oakland played it to the maximum and has come out with a very fine container terminal, and the ships would rather go over there than they would over here anyway.



XX THE GOLDEN HINDE

Feingold: The last thing I want to ask you about is the Golden Hinde. How did you originally get involved in that?

Crowley: Art Blum and Al Elledge thought it was a good idea to build a replica of the Golden Hinde. There had been some junk over in London that was supposed to be like the Golden Hinde, but it wasn't at all like the Golden Hinde. It was a lot of junk. So after they saw that, they said, "This is no business."

Then there was a fellow by the name of Hinks down at Appledore in England who specialized in building replicas of old vessels. For the Hudson Bay Company in Canada he built a replica of the ship that Henry Hudson discovered Hudson Bay in. It's been displayed all through Canada by the Hudson Bay Company as a publicity stunt to get people to buy stuff at Hudson's Bay stores.

Hinks got ahold of Al Elledge and Art Blum and told them he could build them a replica of the Golden Hinde. Then a lot of people got interested in it. Norgard [name may be misspelled], the naval architect, got very much interested and did a lot of research work. So the thing went along and there were a lot of people interested, and so Al thought it would be a good thing for Harbor Carriers to get involved in order to attract people to Fisherman's Wharf to bring them down and get them on the sightseeing boats and charge admission to the Golden Hinde.

So they went ahead and built the thing and sailed it over here, and it's gotten a tremendous amount of publicity. There's a lot of interest in it and a lot of people like to see it, so they go down and take a look at it. We think that it will be just another attraction on Fisherman's Wharf which will help bring people down there and help the overall tourist activity in San Francisco and make it interesting to see something on the waterfront.

Feingold: The Chronicle made it sound as though the San Francisco Maritime Museum had gotten up in arms.

Crowley: This is that nut, Karl Kortum. Poor Karl is living two hundred years in the past. He's an historian and he would like to live in the olden times and so on.

A lot of the people in the waterfront community got together and restored the Balclutha. Karl Kortum did some work on it too. He thinks it's his boat, but really it belongs to the waterfront community. He's had the Balclutha on display down there for a number of years, and the Balclutha has been taking in about \$200,000 a year. That has been supporting Mr. Kortum and the Maritime Museum and Mr. Kortum's activities in digging up old stuff, which is fine. But when Elledge and Blum got the idea of building the Golden Hinde, he thought that that would drag people away from the Balclutha.

Well, I've talked to a lot of people that are experts on Fisherman's Wharf and exhibits and so on, and they say that one of the problems with the Balclutha is she's way off to the eastern part of Fisherman's Wharf and nobody goes down there anymore, and the best thing in the world for the Balclutha would be to have some more attractions down near the Balclutha which would help the revenue of the Maritime Museum rather than hurt it.

Karl Kortum can't see that for sour apples. But as I said, he's a historian; he's not a showman or a publicity man. He doesn't know beans about how the amusement industry functions. He's just got a bee up his bonnet that anything near the Balclutha is a threat to the Balclutha. If he had any brains at all, he could see that anything near the Balclutha would help the Balclutha because you've got to get people down there before you can get them to go on the Balclutha! So, it's going to be interesting to see what happens, but I think the revenue of Balclutha is going to jump up and Karl Kortum is still going to holler.

Feingold: Is the Hinde open now?

Crowley: She's over in the shipyard now in dry dock. She was open last week, I think. They're dry docking and painting the bottom and clean her all up--she was towed over there today--and then take her back and put her on exhibit.

Feingold: When was this idea originally conceived?

Crowley: The first I got into it was in about 1968. We were already to go ahead with it, and then we had that strike in 1969. So I said, "Oh, the hell with it; they won't do anything on it."

Then, in about '71, I was over in London in connection with insurance and this fellow, Hinks, came over from Appledore and started talking about all the old timbers that he'd saved and

Crowley: got together and his great desire to do the job. So I said, "If the guy's that sincere about the whole thing, maybe we ought to have him do it."

He's done a fantastic job of woodworking. You'll never see a vessel built like that again. But he had a bunch of old men at his place that were skilled in this art and he had some old timbers and so on, and if you tried to duplicate it, you just couldn't do it because you couldn't get the timbers, you couldn't get the men--it just couldn't be done today. And he was accumulating this junk for years because he always wanted to build a replica of Sir Francis Drake's Golden Hinde. He got his opportunity, and he did a fantastic job. It's amazing to see how that thing is put together.

Feingold: I can't wait to see it myself.

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## APPENDICES





## APPENDIX A

# Crowley Honored

## Rising Star Of Red Stack

By Sidney P. Allen  
Financial Editor

**T**HOMAS B. CROWLEY, president of Crowley Launch and Tugboat Co., San Francisco, has just been selected by the Secretary of Defense and the Joint Chiefs of Staff as the recipient of the National Transportation Award. This annual award is for achievements that have contributed most to the transportation and logistics industry in support of the national security.

The silver trophy emblem will be presented to Crowley at the annual award luncheon September 23 at the Hilton Hotel here during the convention of the National Defense Transportation Association.

The "Red Stack" tug fleet, keystone of the Crowley organization, has of course been a familiar sight around this port over the years. But not much has been written about the closely held, family-dominated operation.

When founder Thomas Crowley died a month ago, at age 94, the ramifications of the shipping services empire his son has been piloting (and building) for the past decade began to come into focus.

The Transportation Award citation, plus a brief look at the organization's new command post at San Francisco's Pier 50, make it apparent this is a huge, complex, and highly innovative operation.

For instance, the famed "Red Stack" tug fleet, now operating under more than 100 different corporate entities, numbers somewhere near the 200 total. Some of these tugs are seagoing vessels ranging from 2800 to 7000 horsepower and designed for long-cruising range.

They tow military vessels and equipment to Southeast Asia, take assignments for coast-to-coast hauls, even make delivery of cargo to the icy reaches of the oil rich North Slope at Prudhoe Bay, Alaska, in what has to be one of the great transport accomplishments of history.



Thomas B. Crowley

★ ★ ★  
**T**HERE'S DANGER and drama in the business.

Right now, for instance, a flotilla of tugs and barges en route from Prudhoe Bay back to Point Barrow is trapped by ice. Hopefully the ice flow will permit passage of the equipment and several score of personnel before summer ends.

Be that as it may, the Crowley organization—and specifically Thomas B. Crowley—get credit for providing another daring and vital transport service link.

It's one in a series.

In 1958, says the citation, Crowley took personal direction of the first commercial resupply of military DEW Line installations on the Arctic Coast of Alaska and later on the Bering Sea and throughout the Aleutian island chain. This resupply reaches 46 of the most isolated and inaccessible military facilities in the world.

And in 1959 he established the first large scale container shipments by van-carrying barges between West Coast ports and Alaska. This was followed in 1963 by the Hydro-Train service through which the important direct rail-water-rail link has been established between the lower 48 States and Alaska.

The seat of this service inevitably became Seattle.

And now Crowley Northwest interests, which pivot around Puget Sound Tug & Barge, exceed the San Francisco operations built around the old Shipowners and Merchants Tugboat Co..

★ ★ ★  
**D**OLLAR FIGURES and organization charts don't tell all, to be sure. But they tell something.

Nobody says flatly, but there are indications the organization has gone on the line for upwards of \$20 million just in the last few years on special new equipment primarily for the northwest work.

The staff is now estimated at about 1000 — based from Alaska to San Diego. Headquarters here houses the computer center for the works.

It also houses most of the 1000-plus corporate seals of Crowley-owned or dominated companies — some just one tugboat in asset size. (Included are seals for Merritt Ship Repair, and Pacific Drydock & Repair, both of the East Bay, and of course the Long Beach-Catalina as well as Tiburon and Angel Island Ferry Companies.)

Parenthetically, the old original Shipowners and Merchants Tugboat Co. is a stock company, but Crowley family holdings dominate the list of about 100 shareowners.

And the organization has applied to start Binnacle Insurance Co., to provide its own admiralty insurance coverage, naturally.

Award winner Thomas B. Crowley, incidentally, observes his own 56th birthday this week. Maybe gross business this year will approximate \$56 million in honor of his anniversary.



APPENDIX B - Thomas B. Crowley's testimony to the Interstate Commerce  
Commission re: rate increase request by Alaska Hydro-Train,  
April 23, 1973

My name is Thomas B. Crowley. I am Chairman of the Board of Puget Sound Tug & Barge Company, and through various corporations, I personally own over 2/3rds of all the Crowley Companies. My sisters own the remainder of the stock up to about 97% of the total ownership of this total group of companies. I make the decisions as to investments in new equipment and whether we are getting a "fair" return on invested capital.

My father started the company before the turn of the century and was active up until a few years ago, and finally died at the age of 94 in 1970. I have been working full time in the company for forty years. For the last thirty years, I have been studying the returns on the investment made by these various operations in these various companies. I am thoroughly familiar from a practical point of view of what is meant by a fair return on investment to a "prudent investor".

The recent history of capital investment in water transportation to Alaska is dominated by many investments made by Alaska Hydro-Train in new tugs, new barges, transfer bridges and other investments that have been made in this trade. Since I am supposed to be the "prudent investor" I can look back and see how prudent or imprudent I have been and I can look forward to see what rate of return is necessary to put me in the "prudent" class. I, therefore, consider myself an "expert" but only from a practical point of view, and not a theoretical economist.

At this point, I would like to say that revenues and expenses for the Alaska Hydro-Train operation are primarily an accounting problem having to do with facts that can be easily settled between two sincere parties. This also applies to the amount of capital invested in this trade because all the equipment has been purchased in recent years at competitive prices and the facts stand for themselves. The only real issue is what is a fair rate of return on this capital that would be expected by a prudent investor, would still be enough to give the continuing service to the people of Alaska that the shippers themselves seem to want, and finally not unduly burden the economy because of excessive profits shared with Uncle Sam. I will confine my remarks to this subject and let the accountants quibble with anyone that wants to quibble about the numerical facts of revenues, costs and investment.

## History

Since the formation of Puget Sound Tug & Barge Company in 1929, we have hauled cargo to Alaska on barges towed by tugs and also performed miscellaneous towage in all Alaskan waters. In 1958 we started hauling cargo from Seattle to Alaska for the Coastwise Line, a water carrier who ran up and down the Pacific Coast and to Alaska. They felt that it would be more economical to move their cargo from Seattle to Alaska by barge. Soon after they went broke and we decided to enter into the Alaska common carrier transportation picture with Puget Sound Alaska Van Lines because we could perform a much better service than any of the then existing carriers, with new, modern, ingeniously designed floating equipment. The Alaska Railroad particularly wanted someone to move large numbers of containers between Seattle and Seward but none of the then existing carriers could or would perform this service.

We designed and built ocean-going 272 ft. steel flat barges that could carry 300 24 ft. containers at one time with the understanding that the Alaska Railroad would acquire a large number of containers that would enable us to develop the full efficiency of these barges. The Alaska Railroad failed to acquire any substantial number of containers because of budgetary problems. We went out and acquired 600 new containers plus two large cranes for Seattle loading and one large crane for Seward unloading, plus miscellaneous container handling facilities and machines. We used two new high-powered tugs built by one of our San Francisco companies in 1958 and went into the business.

The major competition at this time was the Alaska Steamship Company which served all ports and places in Alaska but had refused to increase the container carrying capacity of their ships. The other carrier was the Alaska Freight Lines that furnished service direct from Seattle to Anchorage in the summertime and came into Seward in the wintertime. Alaska Freight Lines had performed various daring and innovative schemes of transportation in Alaska, but was faced with the same problems that the traditional Alaska carrier always had with an excess of expenses over revenues, and was rapidly getting into serious financial difficulty. Shortly after we commenced our service the Alaska Freight Lines was taken over by Alaskan interests who were large shippers and they



felt that they could make a substantial return on investment. After these shippers ran Alaska Freight Lines for a year or so, they came to us and said they were losing money and wanted to get out, and we went into their entire financial status at that time and decided against buying them out because there were too many liabilities involved and we would be buying nothing but war surplus junk equipment consisting of wooden barges and tugs and badly used container and trucking equipment.

Due to the extremely high costs of stevedoring and operating marine equipment, we were not making anywhere near an adequate return on our container service, so decided to get out as best we could. The opportunity arose when the American railroads decided they wanted a roll-on/roll-off railcar service from Seattle to Alaska and we commenced to convert our activity to this type of service when Alaska was struck by a serious earthquake in 1964. Obviously, we suffered substantial losses, but proceeded with our plan to convert to roll-on/roll-off railcars under the name of the Alaska Hydro-Train.

Fortuitously, we were lucky to be able to sell one of our new container barges to a company that needed a pipelaying barge immediately for laying pipe in Cook Inlet for the oil fields. Naturally, we sold this barge at as high a price as we could get, which was substantially in excess of its original cost and later on we were able to sell two more of our new van barges to a large cement company because we were able to devise for them an economical automated bulk cement handling facility on these two new large capacity barges that substantially reduced their transportation costs on bulk cement. This transaction was a charter with an option to purchase, which was exercised, and we were able to sell these barges at substantially more than our original cost. The fourth barge was fortuitously chartered to a large mining company who after three years exercised their option to purchase and we also made a very good sale on this piece of equipment for an amount in excess of our original cost. The profits from these sales were due to the fact that we had the equipment immediately available when it was needed and that inflation had increased construction costs to such a degree that with these two factors we could make a substantial amount of money from the sale that helped us to finance the switch to the roll-on/roll-off system of the Alaska Hydro-Train.



We had felt that the Alaska Hydro-Train would be extremely profitable by eliminating stevedoring costs and in 1963-1964 we constructed four innovatively designed 350 ft. roll-on/roll-off railcar barges. Shortly after the earthquake, Sea-Land purchased the practically-bankrupt Alaska Freight Lines from the shipper-owners and started in the common carrier transportation service to Alaska. We were extremely lucky to be able to sell our van barges at such high prices and we were also lucky to be able to sell two of our large cranes because the Japanese had started exporting logs from the United States and these cranes were badly needed to load the Japanese ships with logs. We also were lucky to sell containers and straddle trucks which were then high in demand by the expanding container service and were exceedingly fortunate in getting out with a whole skin.

After operating a few years with the 350 ft. barges, we built two 400 ft. barges in 1965-1966. Lady Luck struck again, because in 1967 and 1968 we were able to sell our four 350 ft. barges to various oil drilling concerns that were then caught up in the tremendous demand for floating exploratory drill rigs throughout the world and they were converted to center-hole exploratory drilling rigs. The sale of these four 350 ft. units, again at a very substantial profit, enabled us to build a second group of 400 ft. barges in 1968-1969. In these two years we built four of these 400 ft. car floats but in 1967 we had a total loss of one of the 400 ft. car floats built in 1966. She was washed ashore in a very severe storm in the Gulf of Alaska and was a total loss in December, 1967.

With the profits from the sale of the 350 footers, we were then able to finance the construction of five more 400 footers in 1969-1970, and some of these were used for pipe carrying barges and some for car floats. In 1970 we built four more 400 ft. barges for the carriage of pipe to the North Slope with the idea of the eventual conversion to car floats, but due to the lack of return of the Alaska Hydro-Train service and the decreased demand because of the halting of the pipeline, we have put three of these barges in another service and are closely watching the results of rate of return and particularly these proceedings, in order to make an intelligent business decision as to whether we should continue to run to Alaska willy-nilly or whether we should attempt to maximize our rate of return as any intelligent businessman should do.

RATE OF RETURN

Water transportation to the rail belt area of Alaska which necessitates crossing the open Gulf of Alaska in summer and winter is an extremely dangerous venture. Quoting from FMC docket No. 66-37, Kimbrell-Lawrence Transportation, Inc. Increase in Rates, the decision states "There is substantial evidence of record that the original rate increases are just and reasonable, particularly in light of the high risk of loss of life, capsizing, and loss of cargo involved in crossing the Gulf of Alaska, and we so find".

It must be assumed that the Federal Maritime Commission has had some maritime expertise and should be qualified to make such a statement. The experiences of the Alaska Hydro-Train bear out these facts. In December of 1967 the tug SEA GIANT and the car float VALDEZ set out across the Gulf of Alaska from Cape Spencer, where they had been waiting for several days for the storms to abate and while midway across the Gulf were caught in a severe storm. They sought shelter in Yakutat Bay, but unfortunately, the hawser fouled on the bottom and the barge was blown ashore in gale seas and completely destroyed in a few hours by heavy breakers smashing in the side of this brand new heavy steel barge.

The tug INTREPID, towing an Alaska Hydro-Train barge in a heavy storm in the Gulf of Alaska on February 22, 1970, foundered with a loss of life of the captain and two other members of the crew. Five survivors drifted in a rubber raft for two days before they were rescued by the Coast Guard. The car float that was being towed by the INTREPID drifted in on the beach and was later salvaged after the expenditure of close to \$1 million.

It is true that losses such as this are included in the operating and insurance costs of the Alaska trade, but when a particularly catastrophic year occurs, the deductibles and other expenses show an operating loss rather than profit. This is not taken into consideration in pro formas in future years for return making purposes. I don't think anyone will argue that extreme navigation perils should not warrant a higher rate of return than an investment on equipment operating under relatively calm conditions.

Maritime labor is extremely capricious and unpredictable as is evidenced by the many work stoppages in the Maritime business. Any well informed person familiar with marine

transportation realizes full well that Maritime labor difficulties frequently interrupt services and increase the transportation companies' cost astronomically. These stop work meetings, quickie strikes and unauthorized work stoppages are all factors that can increase costs to a point where losses are shown but cannot be reflected in pro forma operating costs because there is no way to tell how severe these interruptions will occur in any particular year. These factors would also indicate that the marine transportation business certainly warrants a more-than-average rate of return than the average business rate of return.

A great deal of discussion has been submitted as to a "fair" rate of return for the purpose of determining whether an investor will invest capital in a business in order to modernize or improve the service and it is evident that there is no great rush of prudent investors in going into the Alaska trade. The return to the equity owner should be commensurate with returns on investments on other enterprises having corresponding risks. Moreover, the return should be sufficient to insure confidence in the financial integrity in the enterprise so as to maintain its credit and capital.

A prudent investor has the choice of investing money in a security that guarantees a gilt-edged return of principal plus a fixed interest rate over a period of years or invest in a business whereby the money is put into tools of production and the business operated with the hope of making a profitable return. No one in their right mind will invest in the latter without expecting to make a higher rate of return than if the money were put into gilt-edged securities. U. S. 90 day treasury notes are commanding interest rates between 6 and 7%. U. S. government guaranteed ship mortgage rates are commanding returns around 7-1/2%. These carry an absolute promise to pay the full return of the capital plus the stated interest over a period of time. When an investor invests money in a commercial business he has absolutely no guarantee of any return on his capital and looks to profits to give a return on the capital greater than interest on gilt-edged securities, and hopefully, in future years to get his money back. There is a much higher degree of risk in this transaction than buying government bonds, and therefore, the return should be a much greater percentage figure.

RATE OF RETURN

-3-

This distinction should be borne in mind when discussing a fair rate of return on money invested in a transportation service business as distinguished from a debt security that is guaranteed by the U. S. government. Also bear in mind that the estimated rate of return in a pro forma year as estimated by the ICC does not guarantee this particular percentage as actual rate of return in a particular year. If the rate of return turns out to be actually less than the pro forma, no provisions are made in future years for guaranteeing that a rate of return as indicated will be made up for the past years. In discussing a fair rate of return the ICC should take into account records of prior years to verify that the average rate of return over a period of years is more than a return on a debt security that is guaranteed each year for a specified period of time until the debt security is redeemed.

Now, what is a fair rate of return in the transportation business to Alaska? In 1971 Fortune Magazine's directory of median return on stockholders' equity was 9.1% on the 500 largest corporations. The CAB has set as a standard rate of return on capital invested in the airline business of 12%.

Due to the fact that the Alaska transportation business is extremely risky, an additional 2% should be added to a base of 10 to 12%.

Due to the high degree of risk and the fact that insurance with very large deductibles does not truly represent the long term cost of insurance, another 3/4% should be added because of the risk of the large deductibles in the trade.

Due to the fact that the ICC does not limit anyone from entering the Alaska trade, the increased risk of investment should add another 1% to the rate of return.

Due to the fact that the ICC has no regulation over cream skimmers who step in and take cargo during the summer months of the year, there should be added another 1/2% to the rate of return of an investor in a regular transportation service.

Due to the fact that the Alaska trade is highly seasonal with large cargo volumes in the summer and low cargo volumes in the winter, with practically the same operating costs, another 1/2% should be added to the rate of return to the prudent investor because of the risk of huge losses in this trade.



RATE OF RETURN

-4-

Due to the fact that catastrophic losses do occur in the Alaska trade every few years and huge operating losses are entailed thereby, 1-1/4% should be added to the base rate of return for a prudent investor in the trade.

This totals up to a rate of return in the Alaska trade of approximately 16 to 18%. This is a fair rate of return in the Alaska trade with its hazards, its seasonality and above all, its general risk to the investor and this is borne out by the FMC's decision in the Kimbrell-Lawrence case that recognizes that rates of return of 15.21% and 18.51% are not unreasonable.

I would like to remind the Commission at this time that some of the biggest shippers in the Alaska trade then and now got out of the business after they found what a meager rate of return was involved. Milt Odom and Mr. Burgess of Burgess Construction bought the Alaska Freight Lines after Al Ghezzi got into financial troubles and after operating this transportation company for a year or so, tried to sell the business to us and we went through their affairs with a fine tooth comb and found they had nothing to sell but a bunch of war surplus wooden tugs and barges that were all shot. Malcolm McLean of Sea-Land finally stepped in and bought out their interests. Odom and Burgess were happy to recoup what they could, but it is most revealing that they can make a greater return on investment in their own business in Alaska than they could possibly hope to in the transportation to Alaska. If the shippers want to put their money where their mouth is, they can very easily buy a transportation system to Alaska and be in the business themselves as prudent investors, but I haven't seen any of them doing this since their experience with the Alaska Freight Lines.

It is also pertinent to point out that the Alaska Hydro-Train has been fortunately able to sell equipment for other purposes and reinvest the profits in the Alaska transportation trade. If the rate of return is not adequate from the transportation business, any prudent investor will dispose of his equipment at premium prices and walk away from the business and if the Commission is interested in a reliable service to the shippers I suggest they keep this in mind.

The exhibits show a rate of return to Alaska Hydro-Train as follows:

| <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>Average</u> |
|-------------|-------------|-------------|-------------|----------------|
| 9.79%       | 1.19%       | 2.99%       | 4.50%       | 4.62%          |



If the Alaska Hydro-Train is entitled to a rate of return of 15% each year, in all fairness the next four years of operation of the Alaska Hydro-Train should show a rate of considerably in excess of 15% each year to make up for the losses of the past years.

I assure you that if money invested in the Alaska Hydro-Train cannot earn year in and year out more than a guaranteed government bond, I would be an exceedingly imprudent investor to not take advantage of the first opportunity to sell all the equipment and let the shippers worry about how they are going to get their cargo to Alaska.

At the outset I promised not to talk about replacement values, original costs and so on, but I must say that as more inflation and a greater demand for this equipment the fair market value of the equipment will go up rather rapidly and possibly become more than the original cost without even considering depreciation. As a prudent investor I should consider the possible sale value or fair market value in making the determination as to whether we should sell the equipment and get out of the business instead of planning that in some future pro forma year we may possibly make a return on investment that the Interstate Commerce Commission views as a "fair" return on original costs, less depreciation. I am not saying that rates should be based on future replacement costs or past costs but I am saying that as a prudent investor I must and will take this into consideration if an opportunity arises to put this equipment in a different service or sell it at a profit.

It should be forcibly pointed out to the Commission at this time that this is floating equipment, tugs and barges, that can move into other uses and other trades. It is not railroad track fastened to the ground, nor station buildings, nor round houses, nor rail terminals that have a tremendous replacement cost but little or no market value when used for anything else but the original intended purpose. It is true that some of the equipment such as the tracks on the barges, the chains and jacks, the transfer bridge and other things are in the class of railroad assets with their value solely linked to their transportation use in the regulated trade. But this is only a minor portion of the total in Alaska Hydro-Train and, therefore, this company can be considered to have fluid assets.

Remember, there is no Certificate of Public Convenience and Necessity involved, so that a withdrawal from the trade or diminution of service involves no penalties whatsoever from the regulatory body and the transportation company can return to the dedicated common carrier service at any time in the future that it so desires. I might say that as a prudent investor the transportation company would not "so desire" unless the return on investment was comparable to or better than some unregulated business that would offer greater hopes of profit in the future.

I realize that my testimony indicates that a fair rate of return is far in excess than any rate of return that would be generated by the requested increases in this action, but the competition in this Alaska trade is extremely active and as a result, if we are to retain some share of the business we obviously must remain competitive. I would like to point out that in the long run, however, these rates of return must be accepted by the Commission, the State of Alaska and the shipping public or prudent investors will gradually withdraw their movable assets from the trade and then the State of Alaska or the Federal government can pick up the cost of transportation for the people of Alaska. If one believes in government operation as being the most economical method of transportation, well and good, but the free enterprise system has worked extremely well for our country over the years and I am confident that the shippers would eventually rue the day that transportation to Alaska became a government function because no prudent investor was allowed to make a fair return.

## APPENDIX C

# Gale Delays Drake Ship

*By William Moore*

Many historians believe the original Golden Hinde, with master pirate Sir Francis Drake on her quarter-deck, missed San Francisco Bay in a fog but made it safely into Drake's Bay in Marin county.

History does not always repeat itself.

Golden Hinde II, a commercial copy of the Sixteenth-Century galleon that attempted to retrace much of Drake's route from England, was unable to sail into Drake's Bay as planned yesterday because of raging 20-foot seas and gale-force winds.

The vessel was only a few miles from that bay when the storm blew her more than 100 miles off course. She was last reported somewhere off Point Arena in Mendocino county.

The ceremonial entry scheduled for the ship in San Francisco Bay this morning has been postponed. With some luck, she should put in here safely by Sunday morning.

The official arrival hoopla, anyhow, has been re-scheduled for then.

The 16-man crew of the Golden Hinde was not reported to be in jeopardy, although Skipper Adrian Small radioed that many were seasick.

Captain Small said his 102-foot, three-masted vessel — her sails flapping wildly — has been bobbling around like a dinghy.

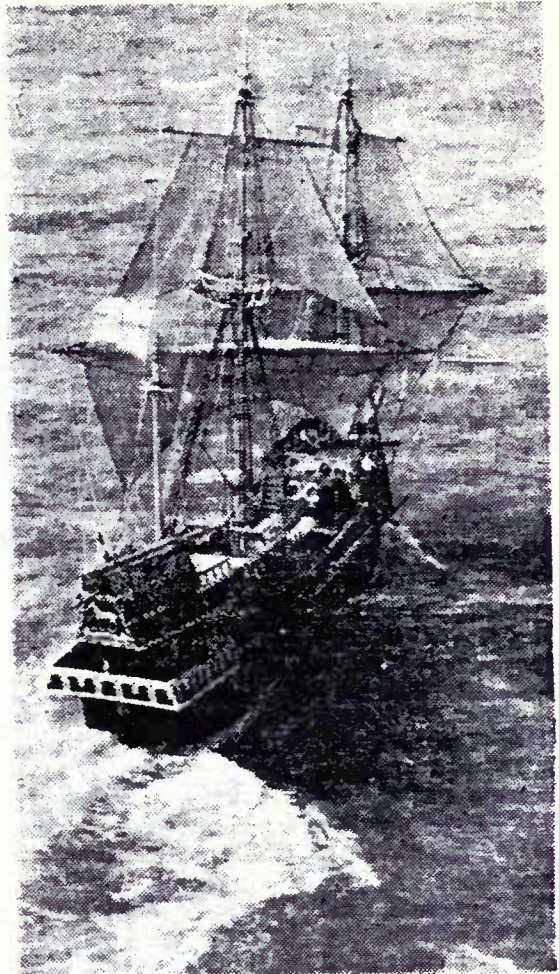
He said he was attempting to hold his position off Point Arena until the storm eases. He expects it will by early this morning.

The official, revised timetable now calls for Golden Hinde II, to pass under the Golden Gate Bridge at about 11 a.m. tomorrow.

She is expected to put in at Presidio shoals until 12:45 p.m., then sail triumphantly down to the Bay Bridge and back, for a final mooring at Pier 41 South near Fisherman's Wharf.

Somewhere along the way, a cannon — with blanks — is supposed to be fired from her decks.

Big welcoming ceremonies are planned at the pier as the grand finale of the 5½-month voyage. Mayor Joseph L. Alioto is expected to be among a group of digni-



**Raging seas drove Golden Hinde II off course and forced the welcome to be postponed.**

taries extending the city's greetings.

Lord Mayor Frederick Johnson of Plymouth, England, is expected to be on hand. Plymouth was the port where the ship began her trip. The ship retraced some of Drake's route.

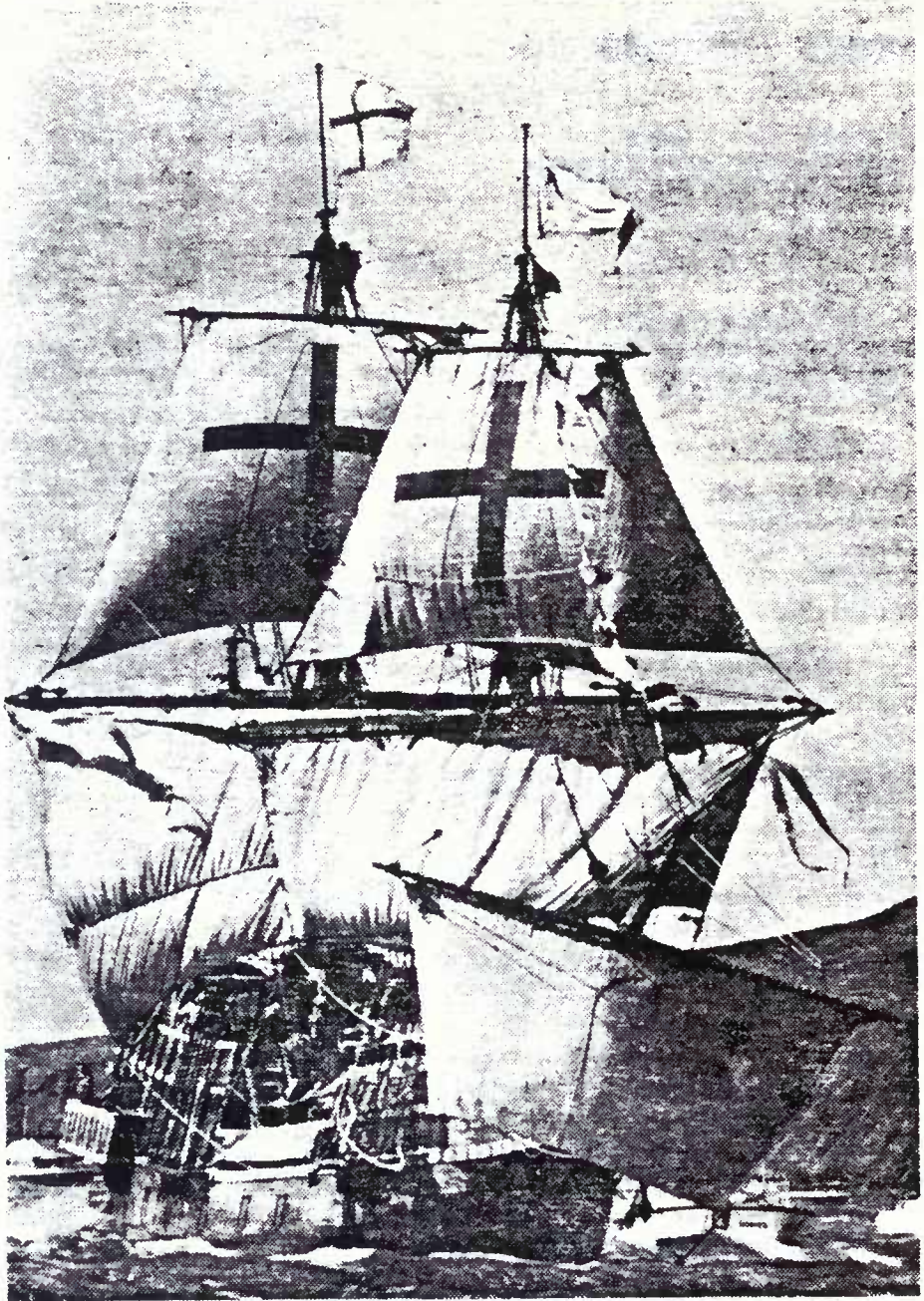
The latter-day vessel, however, took a short cut through the Panama Canal, rather than following Drake's course around the Horn.

Golden Hinde II will be berthed at Pier 41 through this summer. She will be open to the public as a nautical museum.

Golden Hinde II, built in England, cost about \$1.5 million. Her design developer was Marin county naval architect L. Christian Norgaard. He based his replica on 16-century paintings and records.

The major financial backer of the enterprise was West Coast shipping magnate Tom Crowley.





*By Vincent Maggiora*

**The Golden Hinde waited before her triumphant entry**

San Francisco Chronicle  
March 10, 1975

# A Resounding Salute On a Busy Bay

By Kevin Wallace

San Francisco Chronicle  
March 10, 1975

The Bay, torpid since the ferry boats went out of business, woke up again yesterday to greet the gaudy little full-rigged pirate barque Golden Hinde II, 23 weeks out of Plymouth, England.

Contemplating the water-borne welcoming traffic jam — one vast forest of bobbing masts, a mood-altered replication of Dumbik, a yacht-season opener, to the fourth power — an old Bay-watcher aboard the buccaneer craft said:

"This has to be the best thing on the Bay since World War II."

Mayor Joseph L. Alioto, another local who had gone out on the press boat to board the Golden Hinde on the Bay, gazed at the solid wall of watchers crowding every cliff, beach, wharf and rooftop, from the Marin headlands, to Fisherman's Wharf — more of his constituency than he had seen all

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## RESOUNDING SALUTE ON BAY

From Page 1

at once in his career — and said:

"I don't believe it. The best aircraft carriers don't draw like this."

"This is more romantic, Your Honor," an aide advised.

"I told you we ought to develop the waterfront," the mayor answered sharply.

Coast Guard launches continuously circled the Golden Hinde, their banshee sirens warning off the waltzing crush of admiring sailboats, power yachts, Greek-rigged dinghies, kayaks, excursion barges, tugs and rainbow-spouting fireboats, with now and then a baffled freighter trying to squeeze past.

Just the same, the 40-foot sloop Hasty Heart slipped through in the ten-knot breeze, struck the Golden

More Golden Hinde  
pictures, Page 2

Hinde a sharp glancing blow in her forward quarter, briefly fouled her lines in the barque's foretopsheets, and loosened the carved and gilded stag's head — the golden hinde itself — on the Golden Hinde's bowsprit.

And so the golden hinde's head joggled all the way off, fell into the stream, and floated off to a Coast Guard launch, which rescued it, as as thousands cheered.

At a stately rolling gait, the carnival parade sailed through bright afternoon sun, under the jammed pedestrian railings of the Golden Gate Bridge — whence daffodils fell — and exchanged courtesies with Army cannonry on Fort Point fishing pier.

The barque's small, borrowed signal gun let off five volleys. The Army's big pieces delivered a thundering, smoky 21-gun barrage, the tenth in the series blowing a perfect smoke ring. Small craft scattered.

But it was the second military 21-gun salute — this one from the Marina breakwater — that broke through the calm of the master of the Golden Hinde's 18 bearded, red-wool-capped, chiefly British crew members.

"Really!" remarked Captain Adrian V. O. Small, a reticent Devon man of 45, who in all his 29 years under sail hadn't heard a total 42-gun salute, not by protocol accorded even to God.

But no objection was raised by Mayor Alioto's guest on board, His Worship the Lord Mayor of Plymouth — the same title held in 1581 by Sir Francis Drake, two

years after he anchored the Golden Hinde I somewhere around the Bay Area.

It was to memorialize that visit of 396 years ago — and to hitch it to our day's brisk commerce in historic wonders, by selling tickets to see a replica Golden Hinde up and down our coast — that the local tug and harbor boat tycoon, Tom Crowley, backed a consortium which, three years ago, put up \$1.5 million to have the Golden Hinde II built in England and delivered here.

"This must be the first big thing for the Bicentennial," an unworried reporter said to Mayor Alioto, whose eyes widened noticeably and shone.

"No such thing," corrected a consortium member named Art Blum. "We're opening it to the public at Pier 41 on March 24, all by ourselves."



# Crowley Covers The Waterfront — Worldwide

*By Timothy C. Gartner*

When the late Thomas B. Crowley started working on the San Francisco waterfront as a teenager in 1890, his business horizons extended as far as he could row, or to the Farallones.

Now, the sun never sets on the empire he created.

Under an umbrella organization called Crowley Maritime Corp., Crowley's 64-year-old son, Thomas Jr., runs five divisions which control 23 major operating companies, eight joint ventures and 4000 employees. The public awareness of Crowley isn't great because most its subsidiaries operate under different names, and the company is privately held and publicity shy.

Crowley, president since the mid-1950s, estimates the company's revenues this year will be \$300 million. About 80 percent of sales is derived from the transportation activities of its fleet of 200 tugs and 400 barges which range the world from the Caribbean to the Mediterranean and from the Persian Gulf to the Philippines as well as major domestic ports on the West and Gulf coasts.

But Crowley Maritime is more than the world's largest tug boat company. It runs tourist boat trips to Alcatraz, Angel and Catalina islands, ship repair shops, the largest trucking fleet in Saudi Arabia, and a construction company in Alaska. It also drills for oil in the Java Sea and provides marine salvage and pollution control services.

It all started when 15-year-old Tom Crowley rowed his Whitehaller (a type of rowboat named after the street in New York where the boats were made) out to meet incoming sailing ships. Using his strong back and arms, he would carry sailors and supplies around the San Francisco port.

But he also used his imagination. He realized the importance of the gasoline engine and he was among the first to use a power launch which was to revolutionize the business and usher in the tug boat era.

When Tom Sr. died at age 94 in 1970 he left an estate of \$1,079,533 and a widespread enterprise which has become global under son Tom Jr.'s direction.

The impetus for company's dramatic growth was

the Alaska pipeline, the most expensive private construction project ever attempted.

In the late '50s, the company began a Puget Sound to Alaska service and soon landed a government contract to supply Distant Early Warning (DEW Line) installations operated by the military on the Arctic coast of Alaska and throughout the Aleutian chain. "We knew the area and we had the ice-breaking equipment," said Crowley. "We were in a good position when oil was discovered on the North Slope."

According to one observer Tom Jr. spent millions

*Page 30, Col. 3*

# CROWLEY COVERS THE WATERFRONT

## From Page 29

to build special barges to accommodate the increased hauling opportunities to the North Slope.

In 1970, for example, Crowley put together what was called the largest peacetime convoy of its kind in history. More than 80 tugs and barges carried nearly 200,000 tons of cargo to the North Slope. This included 170 miles of 48-inch pipe which is the northern leg of the Trans-Alaska Pipeline.

Then the environmentalists struck and work stopped on the pipeline. What could Crowley do with all his new equipment which was idled? The answer was to branch out internationally — Puerto Rico, Singapore and Saudi Arabia.

Since World War II, Crowley's variously-named tug boat companies had become dominant at West Coast ports.

In 1974, Crowley took over Trailer Marine Transport (TMT) of Jacksonville, Fla., the originator of the roll on, roll off concept of moving cargo in trailers, and greatly expanded TMT into a major competitor in the lucrative Caribbean trade.

A year later, Crowley put other idle Alaska equipment to work in Saudi Arabia. Crowley joined two Montreal firms, Federal Commerce and Navigation and Genstar, to form Global Transport Organisation. On March 6, Genstar sold its one-third interest to its partners for an undisclosed price.

Genstar, a conglomerate with interests in construction, transportation, financial services and property development, said the move was made as a general cutback in its money-losing international marine operations.

Crowley and Federal renamed their partnership World Transport Organisation. WTO is not only a tug and barge operation in the Persian Gulf, but it also operates the largest truck fleet in Saudi Arabia (130 tractors and 350 trailers) and it runs two mammoth, triple-decked barges between Marseille, France, and Genoa, Italy, and Saudi Arabia's West Coast port of Yanbu.

The rapid expansion of Crowley Maritime has not been without criticism, nor courtroom battles.

In 1974, the company was sued in U.S. District Court in San Francisco for restraining trade and monopolizing the tug boat business on the bay. The now-defunct Murphy Tug Boat Co. charged it was run out of business by three tug boat companies controlled by Crowley.

Last August, the federal court jury hearing the case ruled against Crowley and assessed damages of \$700,000, which are automatically tripled under anti-trust laws to \$2.1 million. Then on March 8, Judge William Schwarzer overturned the jury verdict. An appeal is planned.

Neither courts nor competition has impeded the expansion of Crowley Maritime, however. Although a

late-starter and newcomer, Crowley has turned its Caribbean division into one of its biggest money-makers. TMT operates two \$9 million triple-decked barges (as long as a five-story building), five double-decked ones and several flat-decked barges.

The three-tiered barges operate between specially built terminals at Jacksonville and Lake Charles, La., on the mainland and San Juan. The terminal at Miami can handle only double-decked barges.

These triple-decked barges can carry 374 40-foot truck trailers compared to the 180 which can be handled on the double-decked barges.

The Alaskan and Pacific Northwest division is another very profitable source of income.

Crowley said in an interview that the oil companies will soon bid on tracts on the Arctic slope where there is the likelihood of oil. If so, Crowley foresees another boom-time in Alaska, and again, the company will be well-placed to handle the oil companies' needs.

The Pacific Northwest division is based in Seattle. It includes a variety of services: a 1500-mile "floating railroad", barges which carry 40 railcars at a time between Seattle and the Alaska rail center of Whittier; container and bulk barge service between Hawaii and the Northwest ports and Oakland; Mukluk Freight Lines, a 200-unit truck service, and a specialized transportation service, Catco, a 22-unit tractor-trailer operation which can move 60,000-pound loads across the sensitive tundra with minimum damage because it uses special "air-bag" wheels.

Crowley also has a construction division, which includes two ship repair facilities in Oakland and a Long Beach unit which handles marine and offshore construction, harbor dredging, pile driving and pier construction.

The single biggest part of this division, however, is Northwestern Construction, acquired by Crowley in 1974. It's involved in highway and heavy construction, such as building an 11,000 foot runway for Anchorage International Airport.

Will there be a Crowley running Crowley Maritime in the future? "The kids can do what they want," said Crowley, indicating none of the offspring has taken a great interest in the business.

The company is run by a management committee made up of Crowley, Leo L. Coliar, executive vice president of operations; James B. Rettig, executive vice president of engineering, and J. Alex Merriam, executive vice president of finance.

"What's in a name?" said Crowley, sounding more like Juliet than a tugboat king. "It's more important to have someone who can manage and run the operation. We think we've got some pretty good people ready to take over."



# Convoy Risks An Icy Trap

*By Carl Nolte*

A seagoing tug and two huge barges set sail from San Francisco yesterday on a risky voyage to one of the most remote places in the world — the North Slope oil fields of Alaska.

The 3800-mile trip will take a month — through the North Pacific Ocean, past the Aleutian Islands, through the Bering Strait and around Point Barrow, the most northern point in America.

It is a slow-speed race against the pack ice of the Arctic Ocean, and the stakes are oil production equipment and other cargo worth \$600 million.

The San Francisco-based Crowley Maritime Corp. is moving the cargo in a convoy with 16 tugs and 28 barges from San Francisco and Seattle. "It is big bucks and a big risk," said Crowley vice president Ronald Duckhorn.

The problems of moving barges as big as eight-story buildings through the stormy northern oceans are tough enough, but the convoy must rendezvous in the last week of July at Wainwright, Alaska, between Icy Cape and Point Barrow, to wait for a break in the pack ice.

A three- to six-week period each year when arctic ice thaws — called "an ice window" — is the only time the convoy can get around Point Barrow, unload its cargo at Prudhoe Bay, and move back out.

If the ice closes in, the tugs and barges (each tug is worth \$8 million) will be trapped for the long arctic winter. That happened in 1975.

The movement of each summer's convoy involves planning and logistics on a staggering scale. The planning for this year's trip, the biggest operation in eight years, began in the fall of 1981. Crowley and Sohio Alaska Petroleum, which operates much of the North Slope field, are working on the 1985 convoy now.

All the equipment for the North Slope field — the most automated in the world — must be assembled in what Alaskans call "The Lower 48."

More than half of the convoy sails from San Francisco Bay and the rest comes from Puget Sound. The Northern California points where the equipment is assembled are Oakland, Alameda, Richmond, Vallejo and Stockton.

The cargo that sailed aboard the Crowley barges yesterday includes two sea water processing modules used to force the oil to the surface, machinery used to separate water and gas from the oil, emergency generating equipment, and three storage modules called "utiladors."

All the equipment — "basically a lot of pipes and valves," said Sohio's William Schmieding — are shipped complete, even to the light bulbs. The modules, enclosed in weather-tight walls so they look like parts of a factory, fit together so they can be plugged into the oil field on arrival.

There are two reasons for assembling the equipment outside Alaska. "It's so cold up there that nothing works right, so they get everything they can do here," said Crowley naval architect Bruce Hellman, who helped design the barges.

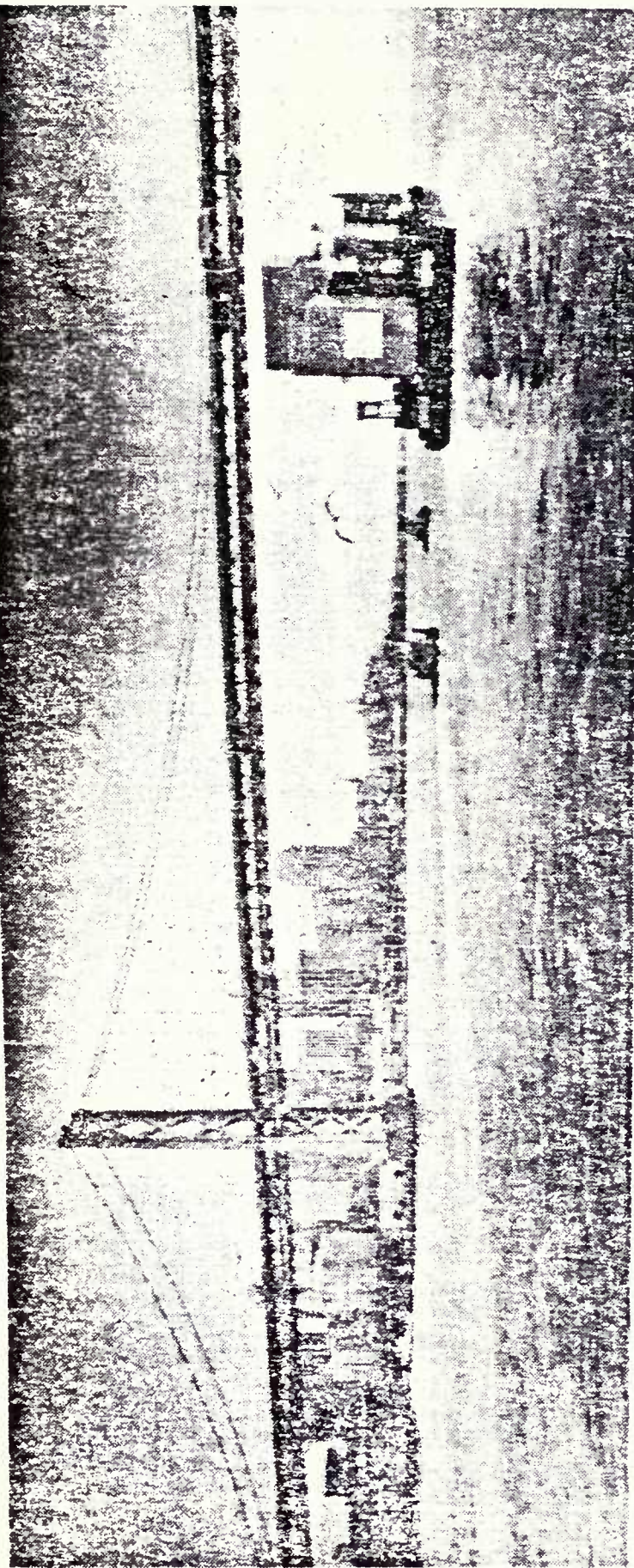
The other reason is probably more important:

"Even to do inside work on the North Slope costs four times as much as it does here, and we don't even have a figure for the outside work," Schmieding said. "The cost of getting material up there and assembling it would just be incredible."

And moving it by sea — despite the risks — is the only way. The all-weather road from the Yukon River to Prudhoe Bay carries about 3500 tons of truck cargo a month. By comparison, the 1983 sealift is bringing in 96,000 tons.

This year's trip is the biggest since 1975 because the North Slope field is expected to expand operations this





**Two Crowley Maritime barges pulled by a tug slipped under the Bay Bridge to begin a 3800-mile voyage to Alaska's Prudhoe Bay**

*By Gary Long*

year and next.

Yesterday's movement, the fifth in a seven-stage operation from San Francisco Bay, began just before 10 in the morning, when the 7200 horsepower "supertug" Guardsman, assisted by a flotilla of smaller tugs, pulled into Pier 50 on the San Francisco waterfront to pick up her tow.

It takes a nice bit of seamanship for a 136-foot tug to pull two barges, each 400 feet long and nearly 100 feet wide, away from the dock and out into the bay.

It was done yesterday with the sort of quiet competence that makes it look easy. Everything is done under the direction of Gil Gonsalves, a docking master who specializes in assembling and breaking down tandem tows.

Gonsalves gives his orders over a radio to the tug skippers, and the tugs toot their whistles to acknowledge the commands.

Except for the clanking of the tow chains there is virtually no other sound.

First the two barges are lashed side by side, then a small cable called a "Swedewire" is passed to the gypsy

winch on the Guardsman. The Swedewire is used to pick up the towing wire.

In the bay, the tow is shortened so the tug can maneuver, but at sea the wire is let out so the second barge is nearly a quarter-mile behind the tug.

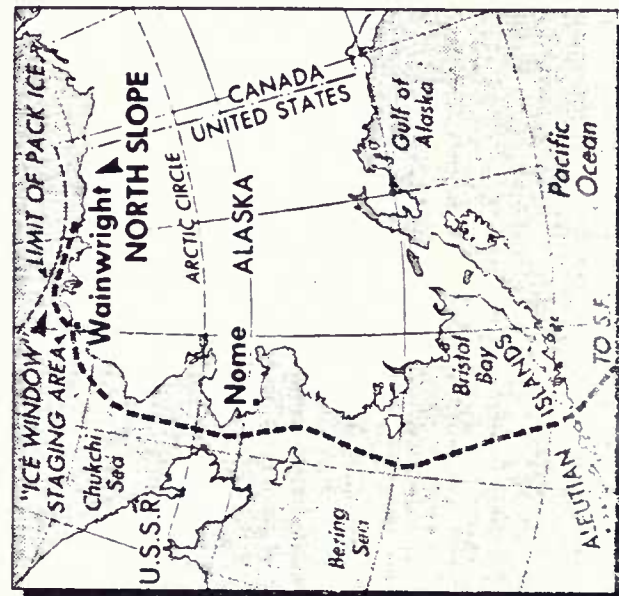
Pulling tons of dead weight away from the dock is no job for a Sunday sailor. Gonsalves did it so neatly yesterday that the two barges passed within a foot of each other without even scraping the paint.

The Guardsman pulled her tow out the Golden Gate at a steady 7 knots yesterday. At that rate, she should be in Seattle by the weekend and in Wainwright by the end of next month.

The trip is no fun, either. The swells in the Gulf of Alaska, even in the summer, are as big as houses, and the part of Alaska where they are going is not the Alaska you see from a cruise ship.

Point Barrow is low and flat. The land is tundra, like a frozen desert.

"It's cold and it's all white," said a Crowley man who has been there. "It's not really a place you want to be."







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